PHD Research Bureau
PHD Chamber of Commerce and Industry

NATIONAL APEX CHAMBER

Economic Affairs Committee Newsletter

(Monthly Update on India's socio-economic development)

December 2020




PHD RESEARCH BUREAU
PHD CHAMBER OF COMMERCE AND INDUSTRY

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& COMPANY
CHARTERED ACCOUNTANTS

Economic Affairs Newsletter
(December 2020)

Introduction

Over the last 8-9 months, the Government of India has undertaken proactive and fast track measures to safeguard its people, economy, trade and industry against the wild tide of pandemic COVID-19. The series of stimulus announcements by the Government under the AatmaNirbhar Bharat Abhiyaan 1.0, 2.0 and 3.0 along with the measures undertaken by the RBI have taken the total of stimulus package to the level of around Rs 30 lakh crores, which is highly laudable and encouraging.

The recovery in the key economic and business indicators is visible on the back of these string of reforms, which is indicated by an improvement in GDP in Q2 at (-)7.5% from (-) 23.9% in Q1 2020-21. This has instilled the expectations of a strong, sustainable and even positive growth in Q3 FY2021 with robust resumption of the lost economic activity sooner than later.

Rural resilience and pent-up of demand activity is supporting the economic activity at this juncture to rejuvenate it from the extreme lows caused by daunting impact of COVID-19. The recent growth projections by the RBI, such as positive growth in H2 FY2021 and revised real GDP growth rate at (-)7.5%, are inspiring and will build confidence in the economic and business activities, going forward.

These growth projections by RBI are very encouraging and in line with expectations as PHDCCI EBM Index (Economic and Business Momentum Index) released in November 2020, which has projected that GDP growth will become positive from Q3 FY 2020-21 at around 0.1% to 2%, around 2% to 4% in Q4 FY 2020-21 and the overall growth for the FY 2020-21 is expected to contract by not more than 7.9% on the back of various effective reforms undertaken by the government during the last few months to lift the economy from the daunting impact of COVID-19.

Further, in the recent meeting of RBI's Monetary Policy Committee (MPC), it has been decided to keep the repo rate unchanged at 4% and maintain accommodative stance as long as necessary this year and next financial year to revive growth, mitigate impact of COVID-19 and keep inflation within the target. Reverse repo rate also remains unchanged at 3.35%.

Going ahead, the economic and health risk posed by rising cases of COVID-19 and its adverse effects globally and in India calls for further prompt policy measures and continuous facilitation by the Government.

Economic Affairs Committee

Contents

1. Indian Economy So Far

1. India's GDP growth stands at (-)7.5% in Q2 FY2021

The Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation (MOSPI) has released the estimates of Gross Domestic Product (GDP) for the second quarter (July-September) Q2 of FY2021, both at Constant (2011-12) and Current Prices.

GDP at Constant (2011-12) Prices in Q2 of FY2020-21 is estimated at Rs 33.14 lakh crore, as against Rs 35.84 lakh crore in Q2 of 2019-20, showing a contraction of 7.5%. Real GDP or Gross Domestic Product (GDP) at Constant (2011-12) Prices in the year FY2021 is now estimated to attain a level of Rs 30.49 lakh crore, as against Rs 32.78 lakh crore in Q2 of 2019-20.

GDP at Current Prices in the year Q2 2020-21 is estimated at Rs 47.22 lakh crore, as against Rs 49.21 lakh crore in Q2 2019-20, showing a contraction of 4% as compared to 5.9% growth in Q2 2019-20. GVA at Basic Price at Current Prices in Q2 2020-21, is estimated at Rs 42.8 lakh crore, as against Rs 44.66 lakh crore in Q2 2019-20, showing a contraction of 4.2%.

Quarterly Estimates of GVA at Basic Prices in Q2 (July-Sept) of 2020-21 (at 2011-12 Prices)

	July-September (Q2) (Rs in Crore)									
Industry	2018-19		2019-20		2020-21		Percentage Change Over the Previous Year			
							2019-20		2020-21	
	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2
Agriculture, forestry &fishing	427177	355283	439843	367758	454658	380239	3	3.5	3.4	3.4
Mining &quarrying	88634	69723	92807	68978	71209	62674	4.7	-1.1	-23.3	-9.1
Manufacturing	561875	579649	578936	576112	351396	579683	3	-0.6	-39.3	0.6
Electricity, gas, water supply & other utility services	74998	76567	81628	79525	75877	83051	8.8	3.9	-7	4.4
Construction	249913	237907	262828	244092	130750	223121	5.2	2.6	-50.3	-8.6
Trade, hotels, transport, communication & services related to broadcasting	609330	587337	630860	611609	334284	516500	3.5	3.1	-47	-15.6
Financial, real estate & professional services	757850	816260	803322	864974	760491	794995	6	6	-5.3	-8.1
Public administration, defence & other	387589	419300	417483	465096	374656	408326	7.7	10.9	-10.3	-12.2

services										
GVA at Basic Price	3157366	3142027	3307707	3278144	2553320	3048589	4.8	4.3	-22.8	-7

Source: PHD Research Bureau, PHDCCI compiled from CSO and MOSPI

2. FDI inflows in India stands at USD 28 billion during Q2 2020-21

The Total FDI inflows (Equity inflows + Re-invested earnings + Other capital) in India stands at USD 28 billion during Q2: July to September 2020-21. During April to September 2020-21, total FDI inflows stands at about USD 40 billion.

Financial Year-Wise FDI Inflows data (in USD Million)

S. No.	Financial Year (April-March)	FOREIGN DIRECT INVESTMENT (FDI)						Investment by FII's Foreign Institutional Investors Fund (net)
		Equity		Re-invested earnings +	Other capital +	FDI FLOWS INTO INDIA		
		FIPB Route/ RBI's Automatic Route/ Acquisition Route	Equity capital of unincorporated bodies #			Total FDI Flows	%age growth over previous year (in US$ terms)	
FINANCIAL YEARS 2000-01 TO 2020-21								
1.	2000-01	2,339	61	1,350	279	4,029	-	1,847
2.	2001-02	3,904	191	1,645	390	6,130	(+) 52 %	1,505
3.	2002-03	2,574	190	1,833	438	5,035	(-) 18 %	377
4.	2003-04	2,197	32	1,460	633	4,322	(-) 14 %	10,918
5.	2004-05	3,250	528	1,904	369	6,051	(+) 40 %	8,686
6.	2005-06	5,540	435	2,760	226	8,961	(+) 48 %	9,926
7.	2006-07	15,585	896	5,828	517	22,826	(+) 155 %	3,225
8.	2007-08	24,573	2,291	7,679	300	34,843	(+) 53 %	20,328
9.	2008-09	31,364	702	9,030	777	41,873	(+) 20 %	(-) 15,017
10.	2009-10	25,606	1,540	8,668	1,931	37,745	(-) 10 %	29,048
11.	2010-11	21,376	874	11,939	658	34,847	(-) 08 %	29,422
12.	2011-12	34,833	1,022	8,206	2,495	46,556	(+) 34 %	16,812
13.	2012-13	21,825	1,059	9,880	1,534	34,298	(-) 26%	27,582
14.	2013-14	24,299	975	8,978	1,794	36,046	(+) 5%	5,009
15.	2014-15	30,933	978	9,988	3,249	45,148	(+) 25%	40,923
16.	2015-16	40,001	1,111	10,413	4,034	55,559	(+) 23%	(-) 4,016
17.	2016-17	43,478	1,223	12,343	3,176	60,220	(+) 8%	7,735
18.	2017-18	44,857	664	12,542	2,911	60,974	(+) 1%	22,165
19.	2018-19 (P)	44,366	689	13,672	3,274	62,001	(+) 2%	(-) 2,225
20.	2019-20 (P)	49,977	1,757	14,175	8,482	74,390	(+) 20%	552
21.	2020-21 (P) (up to September, 2020)	30,004	778	7,420	1,727	39,929	-	8,122
CUMULATIVE TOTAL (from April, 2000 to September, 2020)		502,881	17,996	161,713	39,194	721,783	-	222,924

Source: PHD Research Bureau, PHDCCI; Compiled from Department for Promotion of Industry and Internal Trade, Government of India. Source: (i) RBI's Bulletin for November, 2020 dt.11.11.2020 (Table No. 34 – FOREIGN INVESTMENT INFLOWS). (ii) Inflows under the acquisition of shares in March, 2011, August, 2011 & October, 2011, include net FDI on account of transfer of participating interest from Reliance Industries Ltd. to BP Exploration (Alpha). (iv) RBI had included Swap of Shares of US$ 3.1 billion under equity components during December 2006. (v) Monthly data on components of FDI as per expended coverage are not available. These data, therefore, are not comparable with FDI data for previous years. (vi) Figures updated by RBI up to September, 2020. Figures are provisional. (vii) Data in respect of 'Re-invested earnings' & 'Other capital' are estimated as average of previous two years. '#' Figures for equity capital of unincorporated bodies are estimates. (P) All figures are provisional

During April to September 2020-21, FDI equity inflows stands at about USD 30 billion as against USD 26 billion during the same corresponding period of last year, registering a growth rate of 15% year on year.

FDI equity inflows (month-wise) during the financial year 2020-21

Financial Year 2020-21 (April - September)		Amount of FDI Equity inflows (In Rs. Crore)	(In US$ mn)
1.	April, 2020	21,133	2,772
2.	May, 2020	16,951	2,240
3.	June, 2020	11,736	1,550
4.	July, 2020	22,866	3,049
5.	August, 2020	130,576	17,487
6.	September, 2020	21,350	2,906
2020-21 (form April, 2020 to September, 2020) #		224,613	30,004
2019-20 (form April, 2019 to September, 2019) #		182,000	26,096
%age growth over last year		(+) 23%	(+) 15%

Source: PHD Research Bureau, PHDCCI; Compiled from Department for Promotion of Industry and Internal Trade, Government of India. Note:(i) Country & Sector specific analysis is available from the year 2000 onwards, as Remittance-wise details are provided by RBI from April, 2000 onwards only. # Figures are provisional, subject to reconciliation with RBI, Mumbai.

3. Slowdown in G20 trade restrictions as COVID-19 impacts world economy: WTO

The WTO's latest Trade Monitoring Report on G20 trade measures shows a slowdown in the number and coverage of trade-restrictive and trade-facilitating measures on goods implemented by G20 countries between mid-May and mid-October 2020, primarily as a result of the sharp decline in overall global trade since the COVID-19 outbreak. The report also documents numerous trade-facilitating and support measures introduced by G20 economies in response to the economic downturn in order to prepare the ground for a strong economic recovery.

Executive Summary

- Since the outbreak of the pandemic, G20 economies have implemented several trade and trade-related policies specifically to cope with the crisis. The report seeks to shed light on these policy developments in addition to regular trade measures monitored for the review period.
- Although world trade had already been slowing before the pandemic, merchandise exports in nominal USD terms was down 21% in Q2 compared to the previous year while commercial services exports was down 30%. The trade coverage of both regular facilitating and restrictive import measures dropped to USD 36 billion (down from USD 735 billion in the previous period) and USD 42 billion (down from USD 417 billion) respectively. This was likely as a result of the sharp decline in overall global trade flows, the diversion of governments' attention towards responding to the pandemic – through trade policy as well as other areas, and a general commitment to keep trade flowing.
- At the same time, the trade coverage of COVID-19 related trade-facilitating measures on goods implemented since the beginning of the pandemic was estimated at USD 155 billion, some USD 44 billion more than that of the COVID-19 trade-restrictive measures. Of the 133 COVID-19 trade

and trade-related measures recorded for G20 economies since the outbreak of the pandemic, 63% were of a trade-facilitating nature and 37% were trade restrictive.

Specific Findings

- World trade was already slowing before the pandemic and declined sharply in the first half of 2020.
- The slowdown in the number and trade coverage of regular trade-restrictive and trade-facilitating measures on goods between mid-May and mid-October 2020 was significant.
- There may be several explanations for the dramatic drop in the trade coverage of the regular facilitating and restrictive measures
- Most of the COVID-19 related measures taken on goods since the outbreak of the pandemic were trade-facilitating.
- G20 economies put in place a large number of COVID-19 related support measures.
- Services sectors were heavily impacted by the pandemic although the extent varies by sector and mode of supply.
- Overall, services measures introduced by G20 economies between mid-May and mid-October 2020, which mainly related to telecommunication services, e-commerce, and services supplied online, were trade-facilitating
- The significant increase of G20 trade remedy initiations confirm that these measures remain an important trade policy tool for G20 economies.
- G20 economies continued to use the SPS and TBT Committees' transparency mechanisms to notify their SPS measures, accounting for 66% of all regular notifications and 35% of emergency notifications since 1995.
- G20 economies continued to use WTO bodies to address their trade concerns.
- Many Intellectual Property measures introduced during the review period aimed at facilitating COVID-19-related health technologies

4. RBI keeps Repo Rate unchanged at 4% in its Monetary Policy Committee Meeting

On the basis of an assessment of the current and evolving macroeconomic situation, the Monetary Policy Committee (MPC) at its meeting today (December 4, 2020) decided to:

- keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 4.0 per cent.

Consequently, the reverse repo rate under the LAF remains unchanged at 3.35 per cent and the marginal standing facility (MSF) rate and the Bank Rate at 4.25 per cent.

- The MPC also decided to continue with the accommodative stance as long as necessary – at least during the current financial year and into the next financial year – to revive growth on a durable basis and mitigate the impact of COVID-19 on the economy, while ensuring that inflation remains within the target going forward.

These decisions are in consonance with the objective of achieving the medium-term target for consumer price index (CPI) inflation of 4 per cent within a band of +/- 2 per cent, while supporting growth.

Assessment

In India, the data release of the National Statistical Office (NSO) on November 27 showed a contraction of 7.5 per cent in real GDP in Q2:2020-21 (July-September). In Q3:2020-21, high frequency indicators point to a recovery gaining traction, with double digit growth in passenger vehicles and motorcycle sales, railway freight traffic, and electricity consumption in October, although there was moderation in some of these indicators in November. Riding on the favourable monsoon, the outlook for agriculture remains bright, with rabi sowing up 4.0 per cent from the acreage covered at this time last year under supportive soil moisture and reservoir conditions. CPI inflation rose sharply to 7.3 per cent in September and further to 7.6 per cent in October 2020, with some evidence that price pressures are spreading. Domestic financial conditions remained easy in October-November and systemic liquidity continued to be in large surplus.

Outlook

CPI inflation is projected at 6.8 per cent for Q3:2020-21, 5.8 per cent for Q4:2020-21; and 5.2 per cent to 4.6 per cent in H1:2021-22, with risks broadly balanced. Real GDP growth is projected at (-)7.5 per cent in 2020-21: (+)0.1 per cent in Q3:2020-21 and (+)0.7 per cent in Q4:2020-21; and (+)21.9 per cent to (+)6.5 per cent in H1:2021-22, with risks broadly balanced.

The MPC is of the view that inflation is likely to remain elevated, barring transient relief in the winter months from prices of perishables. This constrains monetary policy at the current juncture from using the space available to act in support of growth. At the same time, the signs of recovery are far from being broad-based and are dependent on sustained policy support. A small window is available for proactive supply management strategies to break the inflation spiral being fuelled by supply chain disruptions, excessive margins and indirect taxes. Further efforts are necessary to mitigate supply-side driven inflation pressures. Monetary policy will monitor closely all threats to price stability to anchor broader macroeconomic and financial stability. Accordingly, the MPC in its meeting today decided to maintain status quo on the policy rate and continue with the accommodative stance as long as necessary – at least during the current financial year and into the next financial year – to revive growth on a durable basis and mitigate the impact of COVID-19 on the economy, while ensuring that inflation remains within the target going forward.

Statement on Developmental and Regulatory Policies

I. Liquidity Measures to Revive Activity

1. On Tap TLTRO – Extension of Sectors and Synergy with ECLGS 2.0- In addition to the five sectors announced under the scheme on October 21, 2020, it is now proposed to bring the 26 stressed sectors identified by the Kamath Committee within the ambit of sectors eligible under on tap TLTRO. Banks are encouraged to synergise the two schemes by availing funds from RBI under on tap TLTRO and seek guarantee under ECLGS 2.0 to provide credit support to stressed sectors.
2. Facilitating More Efficient Liquidity Management for Regional Rural Banks (RRBs)- In order to facilitate more efficient liquidity management by the RRBs at competitive rates, it has been decided to extend the Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) to RRBs. It has also been decided to permit the RRBs to participate in the Call/Notice money market, both as borrowers and lenders. Detailed instructions in this regard will be issued shortly.

II. Regulation and Supervision

The regulatory response of the Reserve Bank since the onset of the COVID-19 pandemic has focused on mitigation of the immediate impact on debt repayments by the borrowers, enabling credible resolution of stress of the borrower entities and, facilitating credit flow to the economy, while keeping a watch on the financial stability imperatives. In furtherance of the same, the following measures have been announced on Dividend Distribution by Banks; Dividend Distribution Policy for NBFCs; Discussion Paper on Scale-based Regulatory Framework for NBFCs; Strengthening Audit Systems of Supervised Entities (SEs): (i) issuance of guidelines to large UCBs and NBFCs on adoption of Risk Based Internal Audit (RBIA); (ii) harmonisation of guidelines on appointment of statutory auditors for commercial banks, UCBs and NBFCs; Digital Payment Security Controls; Financial Literacy and Education and; Grievance Redress Mechanism in Banks.

III. Measures have also been announced on **Deepening Financial Markets; External Trade – Facilitation** and **Payment and Settlement Systems**.

5. Hon'ble Union Finance & Corporate Affairs Minister Smt. Nirmala Sitharaman announced Aatmanirbhar Bharat Package 3.0 to support Indian economy in fight against COVID-19

1. Atmanirbhar Bharat Rozgar Yojana announced- A new Scheme "Atmanirbhar Bharat Rozgar Yojana" is being launched to incentivise creation of new employment opportunities during the COVID recovery phase

2. Rs 3 lakh crore existing emergency credit line guarantee scheme extended till March 31, 2021-

   a. Rs. 2.05 lakh crore sanctioned to 61 lakh borrowers
   b. Rs. 1.52 lakh crore disbursal.
   c. Launch of ECLGS 2.0: Guaranteed credit for supporting stressed sectors

3. Rs 1.46 lakh crore boost for Aatmanirbhar Manufacturing Production-linked incentive for 10

champion sector- Government will launch Production Linked Incentive (PLI) Scheme in the following sectors :

Priority	Sectors	Implementing Ministry/Department	Approved financial outlay over a five-year period Rs.crore
1.	Advance Chemistry Cell (ACC) Battery	NITI Aayog and Department of Heavy Industries	18100
2.	Electronic/Technology Products	Ministry of Electronics and Information Technology	5000
3.	Automobiles & Auto Components	Department of Heavy Industries	57042
4.	Pharmaceuticals drugs	Department of Pharmaceuticals	15000
5.	Telecom & Networking Products	Department of Telecom	12195
6.	Textile Products: MMF segment and technical textiles	Ministry of Textiles	10683
7.	Food Products	Ministry of Food Processing Industries	10900
8.	High Efficiency Solar PV Modules	Ministry of New and Renewable Energy	4500
9.	White Goods (ACs & LED)	Department for Promotion of Industry and Internal Trade	6238
10.	Speciality Steel	Ministry of Steel	6322
Total			**145980**

4. Rs 18,000 crore additional outlay for PM Awas Yojana- urban to be carried out- Rs 18,000 crores will be provided over the Budget Estimates for 2020-21 for Prime Minister Awaas Yojana – Urban (PMAY-U) through additional allocation and Extra Budgetary Resources. This is over and above Rs 8,000 crores already this year.

5. Performance security on contracts to be reduced to 3 per cent instead of 5-10 per cent-

    a. Will be extended to ongoing contracts which are free of disputes.
    b. Will also be extended to Public Sector Enterprises.
    c. States will be encouraged to adopt the same

6. Income Tax Relief for Developers and Income Tax Buyers-

    a. It has been decided to increase the differential from 10% to 20% (under section 43CA) for the period from the date of the announcement to 30th June 2021 for only primary sale of residential units of value up to Rs 2 crores.

   b. Consequential Relief up to 20% shall also be allowed to buyers of the these units under section 56(2)(x) of IT Act for the said period

7. Infusion of Rs 6,000 crore equity in NIIF debt platform

   a. NIIF Strategic Opportunities Fund has set up a Debt Platform comprising an NBFC Infra Debt Fund and an NBFC Infra Finance Company.
   b. The Platform has a Loan book - Rs 8000 cr & deal pipeline of Rs. 10,000 cr
   c. NIIF AIFL (AA rating) and IFL (AAA rating) will raise INR 95,000 crores debt from market, including project bonds

8. Support for agriculture: Rs 65,000 crore to be provided for subsidised fertilisers- Rs 65,000 crores being provided to ensure adequate availability of fertilisers to farmers to enable timely availability of fertilisers in the upcoming crop season.

9. Additional outlay of Rs 10,000 crore for PM Garib Kalyan Yojana- to accelerate growth of the rural economy

10. Boost for Project Exports: Rs 3000 crore to EXIM bank for LOC

11. Rs 10,200 crore additional budget outlay to be provided towards Capital and Industrial expenditure on domestic defence equipment, industrial incentives, industrial incentives and green energy

12. 900 crore to be provided for research and development for Covid-19 vaccine to the Biotechnology Department- Rs. 900 crore provided for Covid Suraksha Mission for Research and Development of Indian Covid Vaccine to Department of Biotechnology

6. October 2020 IIP growth rises to around 3.6%

For the month of October 2020, the Quick Estimates of Index of Industrial Production (IIP)with base 2011-12 stands at 128.5. The Indices of Industrial Production for the Mining, Manufacturing and Electricity sectors for the month of October 2020 stand at 98.0, 130.7 and 162.2 respectively. These Quick Estimates will undergo revision in subsequent releases as per the revision policy of IIP.

As per Use-based classification, the indices stand at 117.7 for Primary Goods, 91.4 for Capital Goods, 137.5 for Intermediate Goods and 140.0 for Infrastructure/ Construction Goods for the month of October 2020. Further, the indices for Consumer durables and Consumer non-durables stand at 133.2 and 149.0 respectively for the month of October 2020.

7. CPI inflation falls to 6.9% in November 2020

According to The National Statistical Office (NSO), Ministry of Statistics and Programme Implementation (MoSPI), the CPI inflation has fallen to 6.9% in November 2020 as compared to the 7.6% in October 2020. All India Inflation rates (on point to point basis i.e. current month over same month of last year i.e. (November 2020 over November 2019), based on General Indices and CFPIs are given as follows:

All India Inflation Rates (%) based on CPI (General) and CFPI

Indices	October 2020 (Final)			November 2020 (Prov.)		
	Rural	Urban	Combined	Rural	Urban	Combined
CPI (General)	7.8	7.3	7.6	7.2	6.7	6.9
CFPI	11.1	10.9	11.0	9.6	9.1	9.4

Source: PHD Research Bureau, PHDCCI, compiled from MOSPI

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 November 2020, NSO collected prices from 98.8% villages and 98.6% urban markets while the market-wise prices reported therein were 87.0% for rural and 91.1% for urban.

All India Consumer Price Indices and year-on-year Inflation rates (%) for November, 2020 (Provisional) (Base 2012=100)

Category	All India Consumer Price Indices and year-on-year Inflation rates (%) for November, 2020 (Provisional)					
	Rural		Urban		Combined	
	November, 20 Index (Prov.)	Inflation Rate (%)	November, 20 Index (Prov.)	Inflation Rate (%)	November, 20 Index (Prov.)	Inflation Rate (%)
Food and Beverages	164.4	8.9	166.7	8.5	165.2	8.8
Pan, tobacco and intoxicants	183.6	9.8	189.8	11.7	185.3	10.4
Clothing and Footwear	156.3	3.2	149.3	3.5	153.5	3.3
Housing	-	-	158.4	3.2	158.4	3.2
Fuel and Light	148.8	0.3	138.7	4.9	145	1.9
Miscellaneous	155.2	6.2	146.8	7.7	151.1	6.9
General Index (All Groups)	160.7	7.2	156.9	6.7	158.9	6.9

Source: PHD Research Bureau, PHDCCI, compiled from MOSPI Note: CPI (Rural) for Housing is not compiled

8. WPI inflation stands at 1.6% in November 2020

The WPI inflation stands at 1.6% in November 2020 as compared to 1.5% in October 2020, 1.3% in September 2020, 0.4% in August 2020, (-) 0.3% in July 2020, (-)1.8% in June 2020 and (-)3.4% in May 2020. The increase in WPI inflation in the month of November 2020 is attributed to increase in the prices of potato, whose inflation edged upto 115.1% in November 2020 as compared to 107.7% in October 2020, Non-Food Articles, whose inflation edged upto 8.4% in November 2020 as compared to 2.9% in October 2020 and Oil Seeds whose inflation edged upto 8.3% in November 2020 as compared to 4.4% in October 2020.

WPI inflation in Select Commodities (Base year: 2011-12)

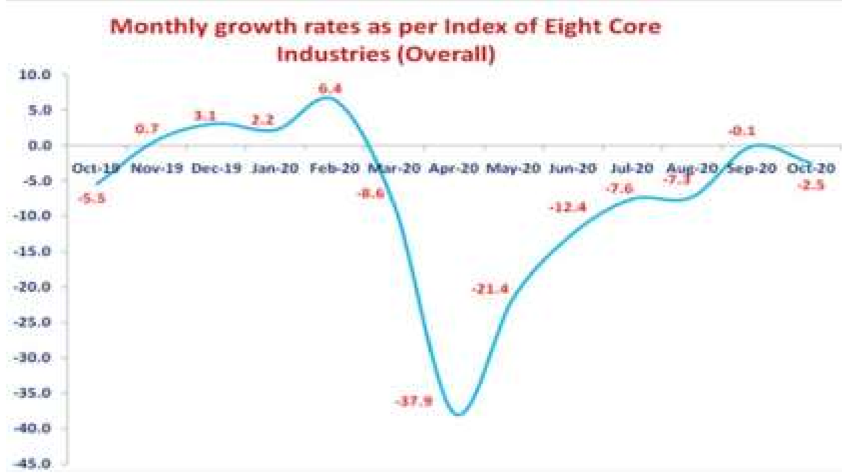
S. No.	Commodity	WPI Inflation Y-o-Y % growth			
		Sep-20	Oct-20	Nov-20	Change in November-20 as Compared to Previous Month
1	**All Commodities**	1.3	1.5	1.6	↑
2	**Primary Articles**	4.1	4.7	2.7	↓
3	**Food Articles**	8.4	6.4	3.9	↓
4	**Cereals**	(-)3.7	(-)5.2	(-)5.5	↓
5	**Vegetables**	38.1	25.2	12.2	↓
6	**Non-food Articles**	(-)1.8	2.8	8.4	↑
7	**Fuel & Power**	(-)8.7	(-)11	(-)9.9	↑
8	**Petrol**	(-)12.4	(-)14.6	(-)14.7	↓
9	**Manufactured Products**	1.9	2.1	3.0	↑

Source: PHD Research Bureau, PHDCCI compiled from the office of the Economic Advisor, Government of India (Note: Figures are rounded off)

9.October 2020 Core infra stands at (-)2.5%

The core infrastructure growth stands at (-)2.5% in October 2020 as against (-)0.1% in September 2020. The cumulative growth of core infrastructure during April-October 2020-21 stands at (-)13% as compared to 0.3% in April-October 2019-20.

The growth rate of Coal stands at 11.6%, Crude Oil at (-)6.2%, Natural Gas at (-)8.6%, Refinery Products at(-)17%, Fertilizers at 6.3%, Steel at (-)2.7%, Cement at 2.8% and Electricity at 10.5% in October 2020 as compared to 21.2%, (-)6%, (-)10.6%, (-)9.5%, 7.3%, (-)0.3%, 2.8%, (-)3.5% and 4.8% in September 2020, respectively.



Source: PHD Research Bureau, PHDCCI, compiled from Ministry of Commerce & Industry

10. Merchandise exports and imports grew by (-) 9% and (-) 13% respectively in November 2020

EXPORTS

Exports in November 2020 were USD 23 Billion, as compared to USD 26 Billion in November 2019, exhibiting a negative growth of (-) 9 per cent. In Rupee terms, exports were Rs. 1,74,559 Crore in November 2020, as compared to Rs. 1,84,142 Crore in November 2019, registering a negative growth of (-) 5 per cent.

Cumulative value of exports for the period April-November 2020-21 was USD 174 Billion (Rs. 12,95,935 Crore) as against USD 211 Billion (Rs. 14,84,386 Crore) during the period April-November 2019-20, registering a negative growth of (-) 18 per cent in Dollar terms (negative growth of (-) 13 per cent in Rupee terms).

IMPORTS

Imports in November 2020 were USD 33 Billion (Rs. 2,47,839 Crore), which is a decline of (-) 13 per cent in Dollar terms and (-) 10 per cent in Rupee terms over imports of USD 38 Billion (Rs 2,75,255 Crore) in November 2019.

Cumulative value of imports for the period April-November 2020-21 was USD 216 Billion (Rs. 16,09,382 Crore), as against USD 325 Billion (Rs. 22,80,659 Crore) during the period April-November 2019-20, registering a negative growth of (-) 33 per cent in Dollar terms and a negative growth of (-) 29 per cent in Rupee terms.

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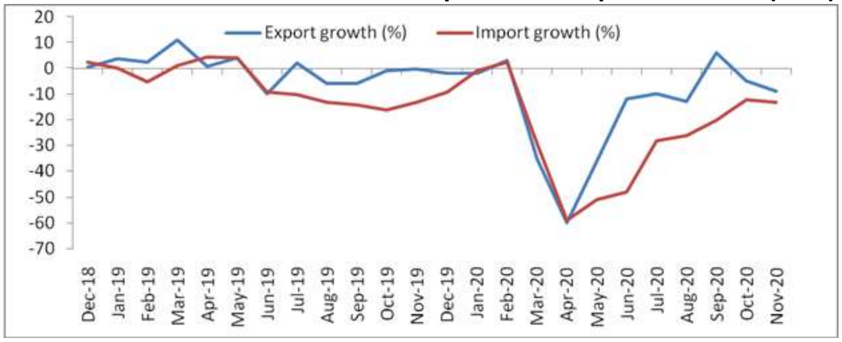
Trend of India's Merchandize Exports and Imports Growth (in %)



Source: PHD Research Bureau; PHDCCI Compiled from Ministry of Commerce and Industry, Government of India

India's Merchandise Trade Statistics at a Glance

Merchandise	Feb-20	Mar-20	Apr-20	May-20	Jun-20	July-20	Aug-20	Sept-20	Oct-20	Nov-20
Exports (USD billion)	**28**	**21**	**10**	**19**	**22**	**24**	**23**	**27**	**25**	**23**
Growth (%)	3	-35	-60	-36	-12	-10	-13	6	-5	-9
Imports (USD billion)	**38**	**31**	**17**	**22**	**21**	**29**	**30**	**30**	**34**	**33**
Growth (%)	2.5	-29	-59	-51	-48	-28	-26	-20	-12	-13
Trade Balance (USD billion)	**-10**	**-10**	**-7**	**-3**	**1**	**-5**	**-7**	**-3**	**-9**	**-10**

Source: PHD Research Bureau; PHDCCI Compiled from Ministry of Commerce and Industry, Government of India

11. Service exports registered a growth of (-)6 % in November 2020

EXPORTS

As per the latest press release by RBI dated 15th December 2020, exports in October 2020 were USD 17 Billion (Rs. 1,21,815 Crore) registering a negative growth of (-) 6 per cent in Dollar terms, vis-à-vis October 2019. The estimated value of services export for November 2020* is USD 16 Billion

IMPORTS

As per the latest press release by RBI dated 15th December 2020, imports in October 2020 were USD 10 Billion (Rs. 69,969 Crore) registering a negative growth of (-) 12 per cent in Dollar terms, vis-à-vis October 2019. The estimated value of services import for November 2020* is USD 9 Billion.

Trade in Services at a Glance

Services	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sept-20	Oct-20
Exports (Receipts) (USD billion)	19	18	18	16	17	17	17	17	17	17
Imports (Payments) (USD billion)	12	11	11	9	10	10	10	10	10	10
Trade Balance (USD billion)	7	7	7	7	7	7	7	7	7	7

Source: PHD Research Bureau; PHDCCI Compiled from Ministry of Commerce and Industry, Government of India

12. October 2020 Fiscal Deficit stands at 119.7% of actuals to BEs

The gross fiscal deficit of the Central government stands at 119.7% of the actuals to budget estimates (BEs) in October2020 as compared to 102.4% of the actuals to budget estimates in the corresponding period of the previous year.

The primary deficit and revenue deficit stands at 703.1% and 126.7% of the actuals to budget estimates in October 2020 as compared to 995.4% and 112.5% of the actuals to budget estimates in the corresponding period of the previous year.

13. Gross Bank Credit growth stands at 5.5% in October 2020

Gross bank credit growth (year-on-year) stands at 5.5% in October, 2020 as against 5.8% in September, 2020. On a year-on-year (y-o-y) basis, **non-food bank credit** growth decelerated to 5.6 per cent in October 2020 from 8.3 per cent in October 2019.

Credit growth to **agriculture and allied activities** accelerated to 7.4 per cent in October 2020 from 7.1 per cent in October 2019. Credit to industry contracted by 1.7 per cent in October 2020 as compared with 3.4 per cent growth in October 2019 mainly on the back of contraction in credit to large industries by 2.9 per cent in October 2020 (4.2 per cent growth a year ago), though credit to medium industries registered a robust growth of 16.7 per cent in October 2020 (1.2 per cent a year ago).

Within **industry,** credit to food processing, petroleum, coal products & nuclear fuels, leather & leather products, paper & paper products and vehicles, vehicle parts & transport equipment registered accelerated growth in October 2020 as compared with the growth in the corresponding month of the previous year. However, credit growth to beverage & tobacco, rubber plastic & their products, chemical & chemical products, cement & cement products, all engineering, gems & jewellery, infrastructure and construction decelerated/contracted.

Credit growth to the **services sector** accelerated to 9.5 per cent in October 2020 from 6.5 per cent in October 2019. Within this sector, credit to 'professional services', 'computer software' and 'trade' registered accelerated growth in October 2020 *vis-à-vis* the growth in the corresponding month of the previous year.

Personal loans registered a decelerated growth of 9.3 per cent in October 2020 as compared with 17.2 per cent growth in October 2019. Within this sector, vehicle loans continued to perform well, registering accelerated growth of 8.4 per cent in October 2020 *vis-a-vis* a growth of 5.0 per cent in October 2019.

Deployment of Gross Bank Credit by Major Sectors			
			(Rs.crore)
		Variation (Year-on-Year)	
Sr.No	Sector	Oct.25, 2019 / Oct.26, 2018	Oct.23, 2020 / Oct.25, 2019
		%	%
I	**Gross Bank Credit (II + III)**	**8.4**	**5.5**
II	**Food Credit**	**26.8**	**-4.5**
III	**Non-food Credit (1 to 4)**	**8.3**	**5.6**
1	**Agriculture & Allied Activities**	**7.1**	**7.4**
2	**Industry (Micro & Small, Medium and Large)**	**3.4**	**-1.7**
2.1	Micro & Small	-1.4	0.7
2.2	Medium	1.2	16.7
2.3	Large	4.2	-2.9
3	**Services**	**6.5**	**9.5**
3.1	Transport Operators	8.2	6.5
3.2	Computer Software	-1.7	1.6
3.3	Tourism, Hotels & Restaurants	13.0	12.0
3.4	Shipping	-8.4	-9.0
3.5	Professional Services	-0.9	5.0
3.6	Trade	5.2	14.0
3.6.1	Wholesale Trade (other than food procurement)	4.4	22.6
3.6.2	Retail Trade	5.9	7.5
3.7	Commercial Real Estate	17.9	3.5
3.8	Non-Banking Financial Companies (NBFCs)	26.8	9.2
3.9	Other Services	-12.7	10.8
4	**Personal Loans**	**17.2**	**9.3**
4.1	Consumer Durables	70.0	23.8
4.2	Housing (Including Priority Sector Housing)	19.4	8.2
4.3	Advances against Fixed Deposits (Including FCNR (B), NRNR Deposits etc.)	-9.4	-2.3
4.4	Advances to Individuals against share, bonds, etc.	-16.5	24.5
4.5	Credit Card Outstanding	25.9	4.9
4.6	Education	-3.0	-2.7
4.7	Vehicle Loans	5.0	8.4
4.8	Other Personal Loans	22.0	14.3
5	**Priority Sector**	**6.3**	**5.9**
5.1	Agriculture & Allied Activities	6.9	7.0

5.2	Micro & Small Enterprises	5.8	6.8
5.2(a)	Manufacturing	-1.4	0.7
5.2(b)	Services	9.9	10.0
5.3	Housing	12.7	1.5
5.4	Micro-Credit	40.6	0.7
5.5	Education Loans	-5.4	-3.6
5.6	State-Sponsored Orgs. for SC/ST	14.4	36.0
5.7	Weaker Sections	18.2	3.3
5.8	Export Credit	-28.7	-1.4
Note: 1. Data are provisional and relate to select banks which cover about 90 per cent of total non-food credit extended by all scheduled commercial banks.			
2. Export credit under priority sector relates to foreign banks only.			
3. Micro & small under item 2.1 includes credit to micro & small industries in manufacturing sector.			
4. Micro & small enterprises under item 5.2 includes credit to micro & small enterprises in manufacturing as well as services sector.			
5.Priority Sector is as per old definition and does not conform to FIDD Circular FIDD.CO.Plan.BC.54/04.09.01/2014-15 dated April 23, 2015.			

Source: PHD Research Bureau, PHDCCI< compiled from RBI

14. Current Account Balance (CAB) stands at 3.9% of GDP in Q1 of 2020-21

India's current account balance (CAB) recorded a surplus of US$ 19.8 billion (3.9 per cent of GDP) in Q1 of 2020-21 as compared to a surplus of US$ 0.6 billion (0.1 per cent of GDP) in the preceding quarter, i.e., Q4 of 2019-20; a deficit of US$ 15.0 billion (2.1 per cent of GDP) was recorded a year ago [i.e. Q1 of 2019-20].

Key Features of India's BoP in Q1 of 2020-21

- The surplus in the current account in Q1 of 2020-21 was on account of a sharp contraction in the trade deficit to US$ 10.0 billion due to steeper decline in merchandise imports relative to exports on a year-on-year basis.
- Net services receipts remained stable, primarily on the back of net earnings from computer services.
- Private transfer receipts, mainly representing remittances by Indians employed overseas, amounted to US$ 18.2 billion, a decline of 8.7 per cent from their level a year ago.
- Net outgo from the primary income account, primarily reflecting net overseas investment income payments, increased to US$ 7.7 billion from US$ 6.3 billion a year ago.
- In the financial account, net foreign direct investment recorded outflow of US$ 0.4 billion as against inflows of US$ 14.0 billion in Q1 of 2019-20.
- Net foreign portfolio investment was US$ 0.6 billion as compared with US$ 4.8 billion in Q1 of

2019-20 as net purchases in the equity market were offset by net sales in the debt segment.

- With repayments exceeding fresh disbursals, external commercial borrowings to India recorded net outflow of US$ 1.1 billion in Q1 of 2020-21 as against an inflow of US$ 6.0 billion a year ago.
- Net inflow on account of non-resident deposits increased to US$ 3.0 billion from US$ 2.8 billion in Q1 of 2019-20.
- There was an accretion of US$ 19.8 billion to the foreign exchange reserves (on a BoP basis) as compared with that of US$ 14.0 billion in Q1 of 2019-20.

15. India's external debt stands at around US$ 555 billion at end-June 2020

At end-June 2020, India's external debt was placed at US$ 554.5 billion, recording a decrease of US$ 3.9 billion over its level at end-March 2020.

- The external debt to GDP ratio increased to 21.8 per cent at end-June 2020 from 20.6 per cent at end-March 2020.
- Valuation loss due to the depreciation of the US dollar vis-à-vis major currencies such as euro, yen and SDR2 were placed at US$ 0.7 billion. Excluding the valuation effect, the decrease in external debt would have been US$ 4.5 billion instead of US$ 3.9 billion at end-June 2020 over end-March 2020.
- Commercial borrowings remained the largest component of external debt, with a share of 38.1 per cent, followed by non-resident deposits (23.9 per cent) and short-term trade credit (18.2 per cent).
- At end-June 2020, long-term debt (with original maturity of above one year) was placed at US$ 449.5 billion, recording a decrease of US$ 2.0 billion over its level at end-March 2020.
- The share of short-term debt (with original maturity of up to one year) in total external debt declined to 18.9 per cent at end-June 2020 from 19.1 per cent at end-March 2020; the ratio of short-term debt (original maturity) to foreign exchange reserves declined to 20.8 per cent at end-June 2020 (22.4 per cent at end-March 2020).
- Short-term debt on residual maturity basis (i.e., debt obligations that include long-term debt by original maturity falling due over the next twelve months and short-term debt by original maturity) constituted 44.0 per cent of total external debt at end-June 2020 (42.4 per cent at end-March 2020) and stood at 48.2 per cent of foreign exchange reserves (49.6 per cent at end-March 2020).
- US dollar denominated debt remained the largest component of India's external debt, with a share of 53.9 per cent at end-June 2020, followed by the Indian rupee (31.6 per cent), yen (5.7 per cent), SDR (4.5 per cent) and the euro (3.5 per cent).
- The borrower-wise classification shows that the outstanding debt of both government and non-government sectors decreased at end-June 2020.
- The share of outstanding debt of non-financial corporations in total external debt was the highest at 42.3 per cent, followed by deposit-taking corporations (except the central bank) (28.1 per cent), general government (18.0 per cent) and other financial corporations (7.4 per cent).
- The instrument-wise classification shows that the loans were the largest component of

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external debt, with a share of 35.4 per cent, followed by currency and deposits (24.3 per cent), trade credit and advances (18.8 per cent) and debt securities (16.3 per cent).

- Debt service (principal repayments plus interest payments) increased to 8.1 per cent of current receipts at end-June 2020 as compared with 6.5 per cent at end-March 2020, reflecting lower current receipts.

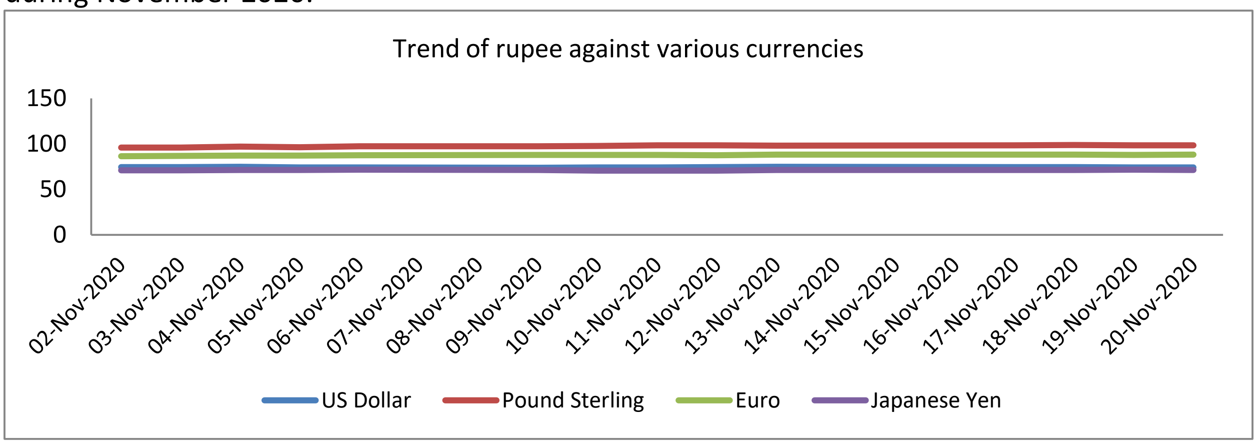
16. ECBs raised at about USD 2.03 billion during October 2020

Indian firms have raised about USD 2.03 billion through external commercial borrowings (ECBs) by automatic and approval route in October 2020 as against around USD 5.2 billion in September 2020. While, ECBs were at about USD 3.4 billion in October 2019.

A closer look at the ECBs pattern reveals that the largest share in ECBs during the month of October 2020 is held for On-lending/Sub-lending purpose, followed by Refinancing of Rupee loans purpose, Refinancing of Earlier ECB purpose, among others.

17. Overview of Indian Rupee

In the month of November 2020 (till 20th November 2020), the average exchange rate of rupee against USD stands at 74.3. The average exchange rate of rupee against Japanese yen stands at 71.1. The exchange rate of rupee against Euro has remained at an average of 87.6 in the month of November 2020. While, the average exchange rate of rupee against pound sterling is at 97.5 during November 2020.



Source: PHD Research Bureau, compiled from RBI (Note: data till 20th November 2020)

18. Monthly trend of rupee exchange rate (high and low) against currencies in November 2020

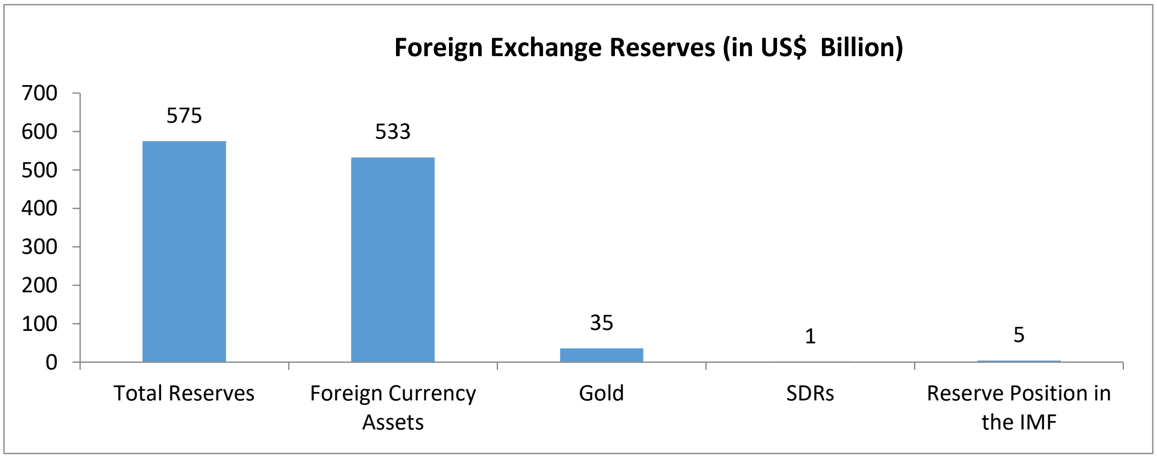
In the month of November 2020, the exchange rate of rupee against USD recorded highest at 74.6, while it registered lowest at 73.9. The exchange rate of rupee against pound registered highest at 98.6 and lowest at 95.8. In case of Euro currency, exchange rate of rupee recorded highest at 88.3 and lowest at 86.4. The exchange rate of rupee against Japanese yen recorded highest at 71.5 and lowest at 70.5.

	Open	High	Low	Close
USD	74.3	74.6	73.9	74.1
Pound Sterling	95.8	98.6	95.8	98.4
Euro	86.4	88.3	86.4	88.1
Japanese Yen	70.9	71.5	70.5	71.4

Source: PHD Research Bureau, compiled from RBI (Note: data till 20th November 2020)

19. Foreign exchange reserves

India's foreign exchange reserves stands at about USD 561 billion as on November 27, 2020 of which Foreign Currency Assets consists of USD 533 billion, Gold reserves at USD 35 billion, SDRs at USD 1 billion and reserve position in the IMF at USD 5 billion.



Source: PHD Research Bureau, compiled from RBI (Note: Figures are round off)

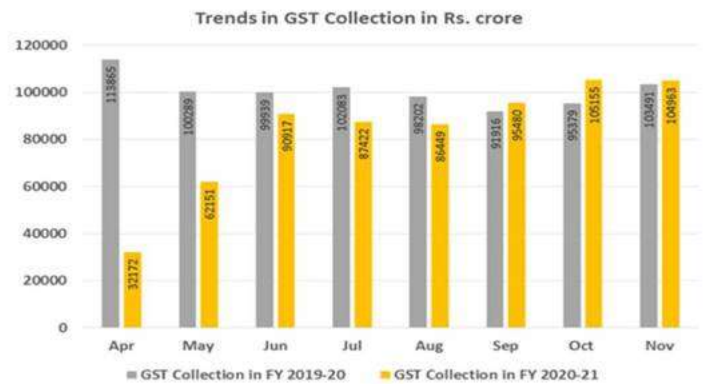
20. GST Revenue collection for November 2020 stands at Rs 1,04,963 crore

The gross GST revenue collected in the month of November is Rs 1,04,963 crore of which CGST is Rs 19,189 crore, SGST is Rs 25,540 crore, IGST is Rs 51,992 crore (including Rs 22,078 crore collected on import of goods) and Cess is Rs 8,242 crore (including Rs 809 crore collected on import of goods). The total number of GSTR-3B Returns filed for the month of November up to 30th November 2020 is 82 lakhs.

The government has settled Rs 22,293 crore to CGST and Rs 16,286 crore to SGST from IGST as regular settlement. The total revenue earned by Central Government and the State Governments after regular settlement in the month of November, 2020 is Rs 41,482 crore for CGST and Rs 41,826 crore for the SGST.

The revenues for the month are 1.4% higher than the GST revenues in the same month last year. During the month, the revenues from import of goods were 4.9% and the revenues from domestic transaction (including import of services) were 0.5% of the revenues from these sources during the same month last year.

Monthly gross GST revenues during the current year



Source: PHD research Bureau, PHDCCI, compiled from Ministry of Finance

2. Key Banking Developments

21. Key Banking Developments

SEBI issues norms regarding holding of liquid assets in open ended debt schemes & stress testing of open ended debt schemes

In order to augment the liquidity risk management framework for all open ended debt schemes, defined in SEBI circulars SEBI/HO/IMD/DF3/CIR/P/2017/114 dated October 6, 2017 and SEBI/HO/IMD/DF3/CIR/P/2017/126dated December 4, 2017, the following has been decided:

a. All open ended debt schemes (except Overnight Fund, Liquid Fund, Gilt Fund and Gilt Fund with 10 year constant duration) shall hold at least 10% of their net assets in liquid assets. For this purpose, 'liquid assets' shall include Cash, Government Securities, T-bills and Repo on Government Securities.
b. The liquid assets specified at para 1(a)above shall not be included for determining the scheme characteristics of the open ended debt schemes as specified in SEBI circulars SEBI/HO/IMD/DF3/CIR/P/2017/114 dated October 6, 2017 and SEBI/HO/IMD/DF3/CIR/P/2017/126 dated December 4, 2017.
c. In case, the exposure in such liquid assets / securities falls below the threshold mandated at p ara 1(a) above, the Asset Management.

Companies (AMCs) shall ensure compliance with the above requirement before making any further investments.

SEBI vide circular No. CIR/IMD/DF/03/2015 dated April 30, 2015 mandated Stress Testing of Liquid Funds and Money Market Fund schemes. Based on the recommendations of Mutual Fund Advisory Committee (MFAC), it is decided to mandate all open ended debt schemes (except overnight scheme) to conduct stress testing. Further, on similar lines of Para 2 of aforementioned circular dated April 30, 2015, AMC shall stipulate the guidelines to carry out stress testing for the aforementioned debt schemes.

A committee has been set up to deliberate on the subject of the circular and give its recommendations. The recommendations will be evaluated and based on the same the norms regarding holding of liquid assets and methodology of stress testing may undergo change.

The provisions at para 1 above shall be effective from February 01, 2021 and the provision at para 2 above shall be effective from December 01, 2020.

Introduction of "Flexi Cap Fund" as a new category under Equity Schemes

SEBI vide circular no. SEBI/HO/IMD/DF3/CIR/P/2017/114dated October 06, 2017, has issued guidelines regarding categorization and rationalization of Mutual Fund Schemes.

In order to give more flexibility to the mutual funds and taking into account the recommendations of Mutual Fund Advisory Committee (MFAC), a new category named "Flexi Cap Fund" under Equity Schemes will be available with the following scheme characteristics.

Category of Scheme	Scheme Characteristics	Type of scheme (uniform description of scheme)
Flexi Cap Fund	Minimum investment in equity & equity related instruments - 65% of total assets	An open ended dynamic equity scheme investing across large cap, mid cap, small cap stocks

The AMC shall ensure that a suitable benchmark is adopted for the Flexi Cap Fund. For easy identification by investors and in order to bring uniformity in names of schemes for a particular category across Mutual Funds, the scheme name shall be the same as the scheme category. Mutual Funds have the option to convert an existing scheme into a Flexi Cap Fund subject to compliance with the requirement for change in fundamental attributes of the scheme in terms of Regulation 18(15A) of SEBI (Mutual Funds) Regulations, 1996.

Scheme under the aforesaid mentioned new category can be launched with effect from the date of this circular. This circular is issued in exercise of the powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, read with Regulation 77 of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Outsourcing of activities, Business Continuity Plan (BCP) and Disaster Recovery (DR) and Cyber Security and Cyber Resilience framework -Limited Purpose Clearing Corporation (LPCC).

The broad guidelines governing outsourcing of activities by Clearing Corporations have been prescribed by SEBI vide Circular SEBI/HO/MRD/DP/CIR/P/2017/101 dated September 13, 2017. Further, guidelines for Business Continuity Plan (BCP) and Disaster Recovery (DR) have been prescribed by SEBI vide Circular SEBI/HO/MRD/DMS1/CIR/P/2019/43 dated March 26, 2019and the framework for Cyber Security and Cyber Resilience has been prescribed vide Circular CIR/MRD/DP/13/2015 dated July 06, 2015 and Circular CIR/MRD/CSC/148/2018 dated December 07, 2018.

SEBI Board in its meeting held on September 29, 2020 permitted setting up of a Limited Purpose Clearing Corporation (LPCC) for clearing and settling repo transactions in debt securities and accordingly Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) (Amendment) Regulations, 2020, have been notified on October 08,2020(SECC Amendment Regulations 2020).

Further, the LPCC has been permitted to enter into outsourcing agreements with existing Clearing Corporations for the purpose of using their core and critical IT support infrastructure / activities for running the core activities (transaction process, clearing and settlement) of the LPCC and related operations.

For the purpose of execution of repo in corporate bonds, LPCC shall enter into necessary agreements with the Stock Exchanges where it proposes to offer clearing / settlement of repo transactions and their associated Clearing Corporations for continuity purposes.

Additionally, the LPCC has been permitted to have arrangements with any of the existing Clearing Corporations for the purposes of putting in place a BCP and DR mechanism, and Cyber Security.

In view of the above, towards compliance with requirement under Regulation 7 of SECC Amendment Regulations 2020, the framework governing the outsourcing activities by the LPCC is placed at Annexure I.

The framework governing arrangements with existing Clearing Corporations for the purpose of BCP and DR, and Cyber Security is placed at Annexure II.

Stock Exchanges and Clearing Corporations, who enter into agreements with the LPCC, are directed to take necessary steps to put in place systems for implementation of the circular, including necessary amendments to the relevant bye-laws, rules, etc., if any. Stock Exchanges and Clearing Corporations are also advised to disseminate the provisions of this circular on their website.

In respect of the LPCC, the provisions of Circular SEBI/HO/MRD/DP/CIR/P/2017/101 dated September 13, 2017, Circular CIR/MRD/DP/13/2015 dated July 06, 2015, Circular CIR/MRD/CSC/148/2018 dated December 07, 2018 and Circular SEBI/HO/MRD/DMS1/CIR/P/2019/43 dated March 26, 2019, stand modified to the extent as mentioned above.

Investor Grievance Redressal Mechanism

In order to further strengthen the Investor Grievance Redressal Mechanism, based on feedback received from market participants and Working Group constituted for the purpose, the following are issued as clarification to Circular No. CIR/MRD/DSA/24/2010 dated August 11, 2010, Circular No. CIR/MRD/DSA/2/2011 dated February 09, 2011, and Circular No. CIR/MRD/ICC/30/2013 dated September 26, 2013.

Resolution of complaints by Stock Exchange

i. Timeline Stock Exchange shall ensure that the investor complaints shall be resolved within 15 working days from the date of receipt of the complaint. Additional information, if any, required from the complainant, shall be sought within 7 working days from the date of receipt of the complaint. The period of 15 working days shall be counted from the date of receipt of additional information sought. Stock Exchange shall maintain a record of all the complaints addressed/redressed within 15 working days from the date of receipt of the complaint/additional information. If complaint is not resolved within stipulated time frame, then the reason for non redressal in given time frame shall also be recorded.

ii. Service related complaints Stock Exchange shall resolve service related complaints at its end. However, in case the complainant is not satisfied with the resolution, the same may be referred to the Investor Grievance Redressal Committee ("IGRC"), after recording the reasons in writing by the Chief Regulatory Officer of the Stock Exchange or any other officer of the Stock Exchange authorized in this behalf by the Managing Director. Service related complaints shall include non-receipt/ delay of Account statement, non-receipt/ delay of bills, closure of account/ branch, technological issues, shifting/closure of branch without intimation, improper service by staff, freezing of account, alleged debit in trading account, contact person not available in Trading member's office, demat account transferred without permission etc.

iii. Complaints to be referred to IGRC For Complaints related to trade, settlement and 'deficiency in services', resulting into any financial loss, the stock exchange shall resolve the complaint on its own as per the time lines prescribed. However, if complaint is not resolved amicably, the same shall be referred to the IGRC, after recording the reasons in writing by the Chief Regulatory Officer of the Stock Exchange or any other officer of the Stock Exchange authorized in this behalf by the Managing Director. It shall be the responsibility of the Stock Exchange to provide documents/ necessary information after collecting the same from the member and/ or the complainant and provide necessary assistance to IGRC to ensure resolution of complaints in a timely manner.

Handling of complaints by IGRC

i. IGRC shall have a time of 15 working days to amicably resolve the investor complaint through conciliation process. If IGRC needs additional information, then IGRC may request the Stock Exchange to provide the same before the initiation of the conciliation process. In such case, where additional information is sought, the timeline for resolution of the complaint by IGRC shall not exceed 30 working days.

ii. IGRC shall not dispose the complaint citing "Lack of Information and complexity of the case". The IGRC shall give its recommendation to Stock Exchange.

iii. IGRC shall decide claim value admissible to the complainant, upon conclusion of the proceedings of IGRC. In case claim is admissible to the complainant, Stock Exchanges shall block the admissible claim value from the deposit of the member as specified in this regard.

iv. Expenses of IGRC shall be borne by the respective Stock Exchange and no fees shall be charged to the complainant/member.

v. The Stock Exchange shall organize regular training program for IGRC members in consultation with National Institute of Securities Markets ("NISM"). The cost of such program shall be borne by Investor Service Fund ("ISF") of the Stock Exchange.

Arbitration For any dispute between the member and the client relating to or arising out of the transactions in Stock Exchange, which is of civil nature, the complainant/ member shall first refer the complaint to the IGRC and/ or to arbitration mechanism provided by the Stock Exchange before resorting to other remedies available under any other law. For the removal of doubts, it is clarified that the sole arbitrator or the panel of arbitrators, as the case may be, appointed under the Stock Exchange arbitration mechanism shall always be deemed to have the competence to rule on its jurisdiction. A complainant/member, who is not satisfied with the recommendation of the IGRC, shall avail the arbitration mechanism of the Stock Exchange for settlement of complaints within six months from the date of IGRC recommendation.

The stock exchanges are advised to: -

a. make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision immediately;
b. bring the provisions of this circular to the notice of the members of the stock exchange and also to disseminate the same through their website; and communicate to SEBI, the status of implementation of the provisions of this circular in the Monthly Development Reports to SEBI.

SEBI notifies Amendments to guidelines for preferential issue and institutional placement of units by a listed InvIT

SEBI issued circular SEBI/HO/DDHS/DDHS/CIR/P/2019/143 dated November 27, 2019 providing guidelines for preferential issue and institutional placement of units by listed InvITs. The said circular stands modified as under: Clause 4.1 of Annexure I is modified as under:

4.1. Preferential issue of units shall not be made to any person who has sold or transferred any units of the issuer during the six months preceding the relevant date.

Explanation: Where any person belonging to sponsor(s) has sold/transferred their units of the issuer during the six months preceding the relevant date, the sponsor(s) shall be ineligible for allotment of units on preferential basis.

This circular is being issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 and Regulation 33 of the InvIT Regulations.

Maintenance of Escrow Account with a Scheduled Commercial Bank

RBI has invited reference to the instructions vide (a) DPSS.CO.PD.No.1164/02.14.006/2017-18 dated October 11, 2017 (updated as on February 28, 2020) on 'Issuance and Operation of Prepaid Payment Instruments (PPIs)'; and
(b) DPSS.CO.PD.No.1810/02.14.008/2019-20 dated March 17, 2020 on 'Regulation of Payment Aggregators (PAs) and Payment Gateways (PGs)'.

An authorised PPI Issuer or a PA is required to maintain an escrow account with a scheduled commercial bank on an ongoing basis. With a view to diversify risk and address business continuity concerns, it has been decided to allow one additional escrow account in a different scheduled commercial bank. The relevant instructions are being modified as per Annex 1 and 2 to this circular (enclosed).

These directions are issued under Section 18 read with Section 10(2) of the Payment and Settlement Systems Act, 2007.

RBI releases the Report of the Internal Working Group to Review Extant Ownership Guidelines and Corporate Structure for Indian Private Sector Banks

The Reserve Bank of India had constituted an Internal Working Group (IWG) on June 12, 2020 to review extant ownership guidelines and corporate structure for Indian private sector banks. The Terms of Reference of the IWG inter alia included review of the eligibility criteria for individuals/ entities to apply for banking license; examination of preferred corporate structure for banks and harmonisation of norms in this regard; and, review of norms for long-term shareholding in banks by the promoters and other shareholders.

The IWG has since submitted its report. The key recommendations of the IWG are as follows:

1. The cap on promoters' stake in the long run (15 years) may be raised from the current level of 15 per cent to 26 per cent of the paid-up voting equity share capital of the bank.
2. As regards non-promoter shareholding, a uniform cap of 15 per cent of the paid-up voting equity share capital of the bank may be prescribed for all types of shareholders.
3. Large corporate/industrial houses may be allowed as promoters of banks only after necessary amendments to the Banking Regulation Act, 1949 (to prevent connected lending and exposures between the banks and other financial and non-financial group entities); and strengthening of the supervisory mechanism for large conglomerates, including consolidated supervision.
4. Well run large Non-banking Finance Companies (NBFCs), with an asset size of ₹50,000 crore and above, including those which are owned by a corporate house, may be considered for conversion into banks subject to completion of 10 years of operations and meeting due diligence criteria and compliance with additional conditions specified in this regard.

5. For Payments Banks intending to convert to a Small Finance Bank, track record of 3 years of experience as Payments Bank may be considered as sufficient.
6. Small Finance Banks and Payments Banks may be listed within '6 years from the date of reaching net worth equivalent to prevalent entry capital requirement prescribed for universal banks' or '10 years from the date of commencement of operations', whichever is earlier.
7. The minimum initial capital requirement for licensing new banks should be enhanced from ₹500 crore to ₹1000 crore for universal banks, and from ₹200 crore to ₹300 crore for small finance banks.
8. Non-operative Financial Holding Company (NOFHC) should continue to be the preferred structure for all new licenses to be issued for universal banks. However, it should be mandatory only in cases where the individual promoters / promoting entities/ converting entities have other group entities.
9. While banks licensed before 2013 may move to an NOFHC structure at their discretion, once the NOFHC structure attains a tax-neutral status, all banks licensed before 2013 shall move to the NOFHC structure within 5 years from announcement of tax-neutrality.
10. Till the NOFHC structure is made feasible and operational, the concerns with regard to banks undertaking different activities through subsidiaries/ Joint Ventures/ associates need to be addressed through suitable regulations.
11. Banks currently under NOFHC structure may be allowed to exit from such a structure if they do not have other group entities in their fold.
12. Reserve Bank may take steps to ensure harmonisation and uniformity in different licensing guidelines, to the extent possible. Whenever new licensing guidelines are issued, if new rules are more relaxed, benefit should be given to existing banks, and if new rules are tougher, legacy banks should also conform to new tighter regulations, but a non-disruptive transition path may be provided to affected banks.

RBI issues directions for Establishment of Branch Office (BO) / Liaison Office (LO) / Project Office (PO) or any other place of business in India by foreign law firms

RBI has invited attention of the Authorised Dealer (AD - Category I) banks to AP (DIR Series) Circular No. 23 dated October 29, 2015, on the above issue advising that no fresh permissions/ renewal of permission shall be granted by the Reserve Bank/AD Category-I banks to any foreign law firm for opening of Liaison Office in India, till the policy is reviewed based on, among others, final disposal of the matter by the Hon'ble Supreme Court.

The Hon'ble Supreme Court has while disposing of the case, held that advocates enrolled under the Advocates Act, 1961 alone are entitled to practice law in India and that foreign law firms/companies or foreign lawyers cannot practice profession of law in India. As such, foreign law firms/companies or foreign lawyers or any other person resident outside India, are not permitted to establish any branch office, project office, liaison office or other place of business in India for the purpose of practicing legal profession. Accordingly, AD Category – I banks have been directed by RBI not to grant any approval to any branch office, project office, liaison office or other place of business in India under FEMA for the purpose of practicing legal profession in India. Further, they shall bring to the notice of the Reserve Bank in case any such violation of the provisions of the Advocates Act comes to their notice.

All other provisions of the BO/LO/PO policy shall remain unchanged. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers.

The Master Direction No. 10 dated January 1, 2016 is being updated simultaneously to reflect the changes.

The directions contained in this circular have been issued under Section 10(4) and 11(2) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Extension of Emergency Credit Line Guarantee Scheme through ECLGS 2.0 for the 26 sectors identified by the Kamath Committee and the healthcare sector

The Government has extended Emergency Credit Line Guarantee Scheme (ECLGS) through ECLGS 2.0 for the 26 sectors identified by the Kamath Committee and the healthcare sector. Under ECLGS 2.0 entities with outstanding credit above Rs. 50 crore and not exceeding Rs. 500 crore as on 29.2.2020, which were less than or equal to 30 days past due as on 29.2.2020 are eligible. These entities/borrower accounts shall be eligible for additional funding up to 20 per cent (which could be fund based or non-fund based or both) of their total outstanding credit (fund based only) as a collateral free Guaranteed Emergency Credit Line **(GECL**), which would be fully guaranteed by **National Credit Guarantee Trustee Company Limited (NCGTC).** The loans provided under ECLGS 2.0 will have a 5-year tenor, with a 12-month moratorium on repayment of principal.

In addition to ECLGS 2.0, where no annual turnover ceiling has been prescribed, **it has also been decided to extend ECLGS 1.0 to entities under ECLGS** which had a total credit outstanding (fund based only) of upto Rs.50 crore as on 29.02.2020, but were previously ineligible owing to their annual turnover exceeding Rs.250 crore. All other existing criteria/ terms and conditions remain unchanged.

The Scheme would be applicable to all loans sanctioned under ECLGS during the period from the date of issue of these guidelines by NCGTC to 31.03.2021 or till guarantees for an amount of Rs 3,00,000 crore is sanctioned under the ECLGS (taking into account both ECLGS 1.0 and 2.0), whichever is earlier.
The modified Scheme while providing an incentive to **Member Lending Institutions (**MLIs) to enable availability of additional funding facility to the eligible borrowers, both MSMEs/business enterprises and identified sectors that supports MSMEs, will go a long way in contributing to economic revival, protecting jobs, and create conducive environment for employment generation.
NCGTC has issued the operational guidelines in this regard.

Regional Rural Banks - Access to Call/Notice/Term Money Market

A reference is invited to the Statement of Developmental and Regulatory Policies dated December 4, 2020 wherein it was announced that Regional Rural Banks (RRBs) shall be permitted to participate in the call/notice/term money market. Accordingly, RRBs shall be permitted to participate in the call/notice and term money markets both as borrowers and lenders. The prudential limits and other guidelines on call/notice/term money markets for the RRBs shall be the same as those applicable to Scheduled Commercial Banks in terms of the RBI Master Direction No.2/2016-17, dated July 7, 2016 on Money Market Instruments: Call/Notice Money Market, Commercial Paper, Certificates of Deposit and Non-Convertible Debentures (original maturity up to one year), as amended from time to time. RRBs may approach the Chief General Manager, Financial Market Regulation Department, Reserve Bank of India Central Office, 9th floor, Central Office building, Shahid Bhagat Singh Marg, Fort, Mumbai-400 001 (cgmfmrd@rbi.org.in) in this regard.

These Directions have been issued by RBI in exercise of the powers conferred under section 45W of the Reserve Bank of India Act, 1934 and of all the powers enabling it in this behalf. These Directions shall be applicable with immediate effect.

External Trade – Facilitation - Export of Goods and Services

This in reference to the Statement on Development and Regulatory Polices announced as part of Bi-monthly Monetary Policy Statement dated December 4, 2020. With a view to further enhance the ease of doing business and quicken the approval process, it has been decided to delegate more powers to the Authorised Dealer Category – I banks (AD banks) in the following areas:

1. Direct Dispatch of Shipping Documents

1.1 In terms of Paragraph 2 of A. P. (DIR Series) Circular No. 6 dated August 13, 2008, AD banks have been allowed to regularise cases of dispatch of shipping documents by the exporter direct to the consignee or his agent resident in the country of the final destination of goods, up to USD 1 million or its equivalent per export shipment.

1.2 With a view to simplify the procedure, it has been decided to do away with the limit of USD 1 million per export shipment.

1.3 Accordingly, AD banks may regularize such direct dispatch of shipping documents irrespective of the value of export shipment, subject to following conditions:

- The export proceeds have been realized in full except for the amount written off, if any, in accordance with the extant provisions for write off.
- The exporter is a regular customer of AD bank for a period of at least six months.
- The exporter's account with the AD bank is fully compliant with Reserve Bank's extant KYC / AML guidelines.
- The AD bank is satisfied about the bonafides of the transaction..

Introduction of Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) for Regional Rural Banks (RRBs)

In order to provide an additional avenue for liquidity management to Regional Rural Banks (RRBs), it has been decided that Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) will be extended to Scheduled RRBs meeting the following criteria:

- Implemented Core Banking Solution (CBS)
- There is a minimum CRAR of nine per cent and
- Fully compliant with the terms and conditions for availing LAF and MSF issued by Financial Markets Operations Department (FMOD), Reserve Bank of India.

The names of RRBs which meet the eligibility norms to participate in LAF and MSF (Positive List) and of those RRBs found ineligible (Negative List) will be intimated to the banks concerned. The eligibility status of the banks will be reviewed on an ongoing basis. The effective date from which the RRBs will be eligible to avail of LAF and MSF will be intimated separately.

Declaration of dividends by banks

This is in reference to RBI's circular DOR.BP.BC.No.64/21.02.067/2019-20 dated April 17, 2020, on the captioned subject. In view of the ongoing stress and heightened uncertainty on account of COVID-19, it is imperative that banks continue to conserve capital to support the economy and absorb losses. In order to further strengthen the banks' balance sheets, while at the same time support lending to the real economy, it has been decided that banks shall not make any dividend payment on equity shares from the profits pertaining to the financial year ended March 31, 2020.

Processing of e-mandates for recurring transactions

This is in reference to RBI's circular DPSS.CO.PD.No.447/02.14.003/2019-20 dated August 21, 2019 vide which relaxation in Additional Factor of Authentication (AFA) was permitted while processing e-mandates / standing instructions on cards and Prepaid Payment Instruments (PPIs) for recurring transactions with values up to ₹ 2,000/-, subject to conditions listed therein. These instructions were later extended to Unified Payments Interface (UPI) as well.

Based on requests received from stakeholders and given the sufficient protection available to customers, it was announced in the Statement on Developmental and Regulatory Policies dated December 4, 2020 that the aforesaid transaction limit will be increased. Accordingly, it has been decided to increase the above limit for AFA relaxation to ₹ 5,000/- per transaction, with effect from January 1, 2021. Processing of recurring transactions (domestic or cross-border) using cards / PPIs / UPI under arrangements / practices not compliant with the aforesaid instructions shall not be continued beyond March 31, 2021. This directive is issued under Section 10 (2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

Authorisation of entities for operating a Payment System under the Payment and Settlement Systems Act, 2007 (PSS Act) – Introduction of Cooling Period

This is in reference to provisions contained in Section 4 of PSS Act and 'Oversight Framework for Financial Market Infrastructures and Retail Payment Systems issued on June 13, 2020', in terms of which any person before commencing or operating a payment system shall obtain authorisation from the Reserve Bank and for the purpose shall apply in a prescribed format to RBI as defined in Payment and Settlement Systems Regulations, 2008.

To inculcate discipline and encourage submission of applications by serious players as also for effective utilisation of regulatory resources, it has been decided to introduce the concept of Cooling Period in the following situations –

- Authorised Payment System Operators (PSOs) whose Certificate of Authorisation (CoA) is revoked or not-renewed for any reason; or
- CoA is voluntarily surrendered for any reason; or

- Application for authorisation of a payment system has been rejected by RBI.
- New entities that are set-up by promoters involved in any of the above categories; definition of promoters for the purpose, shall be as defined in the Companies Act, 2013.

The Cooling Period shall be for one year from the date of revocation / non-renewal / acceptance of voluntary surrender / rejection of application, as the case may be. In respect of entities whose application for authorisation is returned for any reason by RBI, condition of Cooling Period shall be invoked after giving the entity an additional opportunity to submit the application. During the Cooling Period, entities shall be prohibited from submission of applications for operating any payment system under the PSS Act. This directive is issued under Section 10(2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

Perpetual Validity for Certificate of Authorisation (CoA) issued to Payment System Operators (PSOs) under Payment and Settlement Systems Act, 2007 (PSS Act)

This has reference to the Statement on Developmental and Regulatory Policies dated October 9, 2020 wherein Reserve Bank of India (RBI) had announced granting of authorisation for all PSOs under PSS Act on a perpetual basis, subject to certain conditions. Currently, RBI grants authorisation to new entities desirous of operating a payment system for specified periods up to five years. Similar approach is adopted for renewal of validity of authorisation to existing entities. To reduce licensing uncertainties and enable PSOs to focus on their business as also to optimise utilisation of regulatory resources, it has been decided to, hereafter, grant authorisation for all PSOs (both new and existing) on a perpetual basis, subject to the usual conditions. For existing authorised PSOs, grant of perpetual validity shall be examined as and when the CoA becomes due for renewal subject to their adherence to the following:

- Full compliance with the terms and conditions subject to which authorisation was granted;
- Fulfilment of entry norms such as capital, networth requirements, etc.;
- No major regulatory or supervisory concerns related to operations of the PSO, as observed during onsite and / or offsite monitoring;
- Efficacy of customer grievance redressal mechanism;
- No adverse reports from other departments of RBI / regulators / statutory bodies, etc.

Existing PSOs who do not satisfy all conditions will be given one-year renewals to enable them to comply; if any entity fails to do so in a reasonable time, its authorisation may be withdrawn. If an entity becomes non-compliant with any of the conditions of authorisation, RBI may undertake action as deemed fit under the provisions of PSS Act, including imposition of restrictions on payment system operations and / or revocation of CoA. This directive is issued under Section 10(2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

Card transactions in Contactless mode - Relaxation in requirement of Additional Factor of Authentication

This is in reference to circular DPSS.CO.PD.No.2163/02.14.003/2014-2015 dated May 14, 2015 issued by Reserve Bank of India (RBI), wherein Additional Factor of Authentication (AFA) requirement was relaxed for values up to ₹ 2,000/- per transaction for card transactions in contactless mode at Points of Sale (PoS) terminals. Subsequently, it was clarified that transactions beyond this limit can be processed in contactless mode, but with AFA. Reference is also drawn to RBI circular DPSS.CO.PD

No.1343/02.14.003/2019-20 dated January 15, 2020 on "Enhancing Security of Card Transactions", wherein users were provided option of switch on / off or to set limits for various card features, including for contactless transactions. The instructions, which came into effect from October 1, 2020, have made card transactions more secure by empowering users to enable card features and set requirements according to their need and comfort. The present COVID-19 pandemic has underlined the benefits of contactless transactions. Keeping this in view and based on stakeholder feedback, it was announced in the Statement on Developmental and Regulatory Policies dated December 4, 2020 that per transaction limit for AFA relaxation for contactless card transactions will be increased. Accordingly, given the sufficient protection available to users, it has been decided to increase the per transaction limit to ₹ 5,000/-. All other requirements, including the discretion of cardholder to use contactless or contact mode of transaction, shall continue to remain applicable, as hitherto. This directive is issued under Section 10 (2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007) and shall come into effect from January 1, 2021.

24x7 Availability of Real Time Gross Settlement (RTGS) System

A reference is invited to the Statement on Developmental and Regulatory Policies dated October 09, 2020 wherein Reserve Bank of India (RBI) had announced making available the Real Time Gross Settlement (RTGS) system round the clock on all days. Accordingly, it has been decided to make RTGS available round the clock on all days of the year with effect from 00:30 hours on December 14, 2020.

Members are advised by RBI as under:

- RTGS shall be available for customer and inter-bank transactions round the clock, except for the interval between 'end-of-day' and 'start-of-day' processes, whose timings would be duly broadcasted through the RTGS system.
- RTGS shall continue to be governed by the RTGS System Regulations, 2013, as amended from time to time. The revised Regulations are available on RBI's website at: https://www.rbi.org.in/Scripts/Bs_viewRTGS.aspx
- Intra-Day Liquidity (IDL) facility shall be made available to facilitate smooth operations. The Intra-Day Liquidity (IDL) availed, if any, shall be reversed before the 'end-of-day' process begins.

Members are advised by RBI to put in place necessary infrastructure to provide RTGS round the clock to their customers. RTGS transactions undertaken after normal banking hours are expected to be automated using 'Straight Through Processing (STP)' modes. Members are further advised by RBI to disseminate information on the extended availability of RTGS to all their customers. This directive is issued under Section 10 (2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

RBI releases Draft Directions on Money Market Instruments under Section 45 W of the RBI Act, 1934

In pursuance of the announcement made in the Statement on Developmental and Regulatory Policies dated June 6, 2019, the Reserve Bank of India has released today Draft Call, Notice and Term Money Markets (Reserve Bank) Directions, 2020; Draft Certificate of Deposit (Reserve Bank) Directions, 2020 and Draft Commercial Papers and Non-Convertible Debentures (Reserve Bank) Directions, 2020.

RBI releases Draft Reserve Bank of India (Market-makers in OTC Derivatives) Directions, 2020 under Section 45 W of the RBI Act, 1934

In pursuance of the announcement made in the Statement on Developmental and Regulatory Policies dated December 04, 2020 regarding the review of Comprehensive Guidelines on Derivatives, the Reserve Bank of India has released today the Draft Reserve Bank of India (Market-makers in OTC Derivatives) Directions, 2020.

Conclusions

The economic growth trajectory is expected to be strong and positive in the coming quarters on the back of recent Government reforms. The reforms have laid a strong foundation for a higher growth trajectory in times ahead and show Government's intent to re-accelerate GDP growth and put India on a significant position in the world economic system.

At this juncture, increased spending on infrastructure along with demand creation will have multiplier effects on the economic growth trajectory by boosting private investments, creating new employment opportunities in the sectors such as steel, cement and power and demand creation in the country.

The planned Rs 111 lakh crore investment in the National Infrastructure Pipeline (NIP) has a great potential to boost the GDP growth of the country as correlation between the investment in infrastructure and economic growth is quite high.

Immediate policy attention is required towards reviving the economic and business parameters which are yet to show recovery, particularly credit to Industry and credit to services sector. Credit disbursement should be the top most priority at this juncture by the banking sector. The focus should be on ensuring provision of hassle free disbursement of loans vis-à-vis enhanced liquidity for MSMEs, especially in rural sectors.

The focus should be on providing competitive edge to the domestic businesses by enhancing Ease of Doing Business and simultaneously reducing the Cost of Doing Business in the country including the costs of capital, costs of compliances, costs of logistics, costs of land and availability of land and costs of labour.

Continuous facilitation of industry and further effective implementation of reforms at the grassroot level with enhanced synchronization between Central and State Governments would be crucial for fruitful outcomes going forward.

India: Statistical snapshot

Indicators	FY15	FY16	FY17	FY18	FY19	FY20
GDP at FC - Constant prices (Rs cr)	10536984	11381002	12189854	13010843##^	14077586##&	3314167++&
GDP at FC-Constant prices growth YOY (%)	7.5*	8*	7.1@#	6.7 ##^	6.8##&	(-)7.5++&
Agriculture growth	(-)0.3	0.7*	4.9@#	3.4 ##^	2.9##&	3.4++&
Industry growth	6.9	8.2	5.8@#	5.5 ##^	6.9##&	-
Services growth	9.8	7.9	7.9@#	7.9 ##^	7.5##&	-
Consumption (% YOY)	-	-	-	-	-	-
Private consumption (% YOY)	6.2	7.3	7.2	-	-	-
Gross domestic savings as % of GDP	30.6‴	-	-	-	-	-
Gross Fixed Capital Formation as % of GDP	32.3	31.2	29.5	7.6##^	-	-
Gross fiscal deficit of the Centre as a % GDP	4.1′′	3.9	3.5	3.5@*	3.4^**	4.6^*
Gross fiscal deficit of the states as a % GDP	2.3′′	-	-	-	-	-
Gross fiscal deficit of Centre & states as a % GDP	6.6′′	-	-	-	-	-
Merchandise exports (US$Bn)	310.5	261.14	274.64	29.11&&$	331^^**	26^^^^
Growth in exports (%)	(-)1.2	(-)15.9	4.7	(-)0.66&&$	9^^**	-5^^^^
Imports (US$Bn)	447.5	379.59	380.37	42.80&&$	507^^**	34^^^^
Growth in imports (%)	-0.59	(-)15.3	(-)0.17	7.15&&$	9^^**	-12^^^^
Trade deficit (US$Bn)	137	118.46	46.42	13.69&&$	176^^**	9^^^^
Net invisibles US$Bn	-	107.9^^	-	-	-	-
Current account deficit as % of GDP	1.3	1.1^^	0.7^^*	1.9	2.1+&&	3.9+&&
Net capital account US$Bn	11.8	23.2	14.9^^*	-`	-	-
Overall balance of payments US$Bn	6.9	-	-	-	-	-
Foreign exchange reserves US$Bn	316.2	355.56~~	367.9~~~	424.36~~$	421&&$$	574 ~~~
External debt - Short term US$Bn	86.4```	83.6&&&	88^^*	97.6&^	-	-
External debt - Long term US$Bn	376.4```	398.6&&&	383.9^^*	415.8&^	-	-
External debt - US$Bn	462```	480.18&&&	472^^*	513.4 &^	-	-
Money supply growth	11.1&&	11.3&&&&	6.3^^	9.8&&^	10.9%$##	10.9%$##
Bank credit growth	8.6	9~~~~	7^^	8.2**	12&&$$	5.5^^^^
WPI inflation	2.1	(-)0.85^^^	1.33	2.47&&$	4.31^^**	1.5^^^^
CPI inflation	6.4	4.83^^^	4.5	4.28&&$	3.4^^**	7.6^^^^
Exchange rate Rs/US$ annual average	61.14	66.43@@	64.39^^	65.04@@$	68.37^^**	73.5@@@

Handbook of Statistics of Indian Economy 2014-15 from RBI, ‴ Data pertains to Annual Report of RBI 2013-14, *@Data pertains to Budget Estimates of 2017-18, ′′ Data pertains to GVA at Basic Prices at constant prices for Q3 2015-16, ‴Data pertains to the new Series Estimates from economic survey 2014-15. ^^Data pertains to India's Balance of payment for 2015-16 from RBI, ^^^Data pertains to March 2016, ``India's external debt end Dec 2013 from RBI, ``` Data pertains to end Dec 2014 from RBI, # Data pertains to Mar 2013, ~ Data pertains to 2014-15 from the Economic Survey,^^* Data pertains to FY 2016-17 ~~Data as on week ending 25th March 2016 from RBI, ~~~ Data as on 27 November 2020 from RBI, && Data pertains to March 2015, &&& External debt at end December 2015 (Quick Estimates), @@ Data pertains to 13th April 2016 from RBI, @@@ Data as on 8th December 2020 from RBI, &&&& Y-o-Y Growth of Money Supply, 2015-16 from RBI. # Data pertains to end March 2017, compiled from RBI, ** Bank credit growth as on March 2018 &&^ as on June 2018. @#GDP growth and agriculture growth is as per Provisional Estimates of Annual National Income, 2016-17 and Industry and service growth is from Office of economic advisor, #*^Data pertains to Q3 2017-18, ##^ Data pertains to Provisional estimates of GDP for 2017-18, ^* pertains to the Estimates for FY2020, @* data pertains to budget estimates of 2018-19, &^ pertains to data at end December 2017, &&$data pertains to March 2018, @@$ data as on March 28, 2018, ~~$ Data as on end March 2018 from RBI, &&^ as on 16 March 2018, +&Data pertains to Quarterly Estimates of 2Q FY 2019-20, %$##Data pertains to 12th April 2019, +&&Data pertains to Q1 FY2021; ++&Data pertains to quarterly Estimates of 2QFY2021; ##&Data pertains to provisional estimates of 2018-19; &&$$data pertains to March 2019Source: PHD Research Bureau, PHDCCI compiled from various sources, *Data pertains to Provisional Estimates of Annual National Income 2016-17 from MOSPI, ^^**data pertains to FY18-19; ^** Revised Estimates 2018-19; ^^^^ data pertains to October 2020; ^^^ data pertains to March 2020; ^^^^^ data pertains to September 2020.

PHD Research Bureau

PHD Research Bureau; the research arm of the PHD Chamber of Commerce and Industry was constituted in 2010 with the objective to review the economic situation and policy developments at sub-national, national and international levels and comment on them in order to update the members from time to time, to present suitable memoranda to the government as and when required, to prepare State Profiles and to conduct thematic research studies on various socio-economic and business developments.

The Research Bureau has been instrumental in forecasting various lead economic indicators national and sub-national. Many of its research reports have been widely covered by media and leading newspapers. The Research Bureau has undertaken various policy studies for Government of India and State Governments.

Research Activities	Comments on Economic Developments	Newsletters	Consultancy
• Research Studies	• Global Economic Developments	• Economic Affairs Newsletter (EAC)	• Trade and Investment Facilitation Services (TIFS)
• State Profiles	• India's Economic Developments	• Forex and FEMA Newsletter	
• Impact Assessments	• States' Economic Developments	• Global Economic Monitor (GEM)	
• Thematic Research Reports	• International Developments	• Trade & Investment Facilitation Services (TIFS) Newsletter	
• Releases on Economic Developments	• Financial Markets	• State Development Monitor (SDM)	
	• Foreign exchange market	• Industry Development Monitor (IDM)	
	• Developments in International Trade		

Studies Undertaken by PHD Research Bureau

A: Thematic research reports

1. Comparative study on power situation in Northern and Central states of India (September2011)
2. Economic Analysis of State (October 2011)
3. Growth Prospects of the Indian Economy, Vision 2021 (December 2011)
4. Budget 2012-13: Move Towards Consolidation (March 2012)
5. Emerging Trends in Exchange Rate Volatility (Apr 2012)
6. The Indian Direct Selling Industry Annual Survey 2010-11 (May 2012)
7. Global Economic Challenges: Implications for India (May 2012)
8. India Agronomics: An Agriculture Economy Update (August 2012)
9. Reforms to Push Growth on High Road (September 2012)
10. The Indian Direct Selling Industry Annual Survey 2011-12: Beating Slowdown (March 2013)
11. Budget 2013-14: Moving on reforms (March 2013)
12. India- Africa Promise Diverse Opportunities (November 2013)
13. India- Africa Promise Diverse Opportunities: Suggestions Report (November 2013)
14. Annual survey of Indian Direct Selling Industry-2012-13 (December 2013)
15. Imperatives for Double Digit Growth (December 2013)
16. Women Safety in Delhi: Issues and Challenges to Employment (March 2014)
17. Emerging Contours in the MSME sector of Uttarakhand (April 2014)
18. Roadmap for New Government (May 2014)
19. Youth Economics (May 2014)
20. Economy on the Eve of Union Budget 2014-15 (July 2014)
21. Budget 2014-15: Promise of Progress (July 2014)
22. Agronomics 2014: Impact on economic growth and inflation (August 2014)
23. 100 Days of new Government (September 2014)
24. Make in India: Bolstering Manufacturing Sector (October 2014)
25. The Indian Direct Selling Industry Annual Survey 2013-14 (November 2014)
26. Participated in a survey to audit SEZs in India with CAG Office of India (November 2014)
27. Role of MSMEs in Make in India with reference to Ease of Doing Business in Ghaziabad (Nov 2014)
28. Exploring Prospects for Make in India and Made in India: A Study (January 2015)
29. SEZs in India: Criss-Cross Concerns (February 2015)
30. Socio-Economic Impact of Check Dams in Sikar District of Rajasthan (February 2015)
31. India - USA Economic Relations (February 2015)
32. Economy on the Eve of Union Budget 2015-16 (February 2015)
33. Budget Analysis (2015-16)
34. Druzhba-Dosti: India's Trade Opportunities with Russia (April 2015)
35. Impact of Labour Reforms on Industry in Rajasthan: A survey study (July 2015)
36. Progress of Make in India (September 2015)
37. Grown Diamonds, A Sunrise Industry in India: Prospects for Economic Growth (November 2015)
38. Annual survey of Indian Direct Selling Industry 2014-15 (December 2015)
39. India's Foreign Trade Policy Environment Past, Present and Future (December 2015)
40. Revisiting the emerging economic powers as drivers in promoting global economic growth(February 2016)

41. Bolstering MSMEs for Make in India with special focus on CSR (March 2016)
42. BREXIT impact on Indian Economy (July 2016)
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At a Global level we have been working with the Embassies and High Commissions in India to bring in the International Best Practices and Business Opportunities.

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Seven Thrust Areas

- Industrial Development
- Infrastructure
- Housing
- Health
- Education and Skill Development
- Agriculture and Agribusiness
- Digital India

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