

Weekly Compendium of Economic and Business Developments

(Period ending December 31, 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, launch of Ayushman Bharat PM-JAY SEHAT to extend coverage to all residents of Jammu & Kashmir, news on Rajasthan becomes 6th State to complete ease of doing business reforms, extension of validity of Vehicular documents like DLs, RCs, Permits etc. till 31st March 2021, launch of several development projects in Manipur & Assam, Issue of guidelines by MHA for Surveillance, Containment and Caution, Ministry of Corporate Affairs recent key releases, Quarterly Report on Public Debt Management, July to September 2020, EU-UK Trade and Cooperation Agreement, amendment in Export Policy of Onions, Decisions taken by the Union Cabinet, among others. The details of disseminated information during the week ending 31st December 2020 are appended.

India and World Economy

- **Hon'ble Prime Minister launched Ayushman Bharat PM-JAY SEHAT to extend coverage to all residents of Jammu & Kashmir-** The Hon'ble Prime Minister, Shri Narendra Modi launched Ayushman Bharat PM-JAY SEHAT to extend coverage to all residents of Jammu & Kashmir through video conference. He mentioned that the Jammu and Kashmir Ayushman Bharat PM-JAY SEHAT scheme involves getting free treatment up to 5 lakh rupees under this scheme that would improve the ease of living. Right now about 6 lakh families of the state are getting the benefit of Ayushman Bharat Scheme. All 21 lakh families will get the same benefit after the SEHAT scheme. He added that another benefit of this scheme would be that treatment is not limited to government and private hospitals in Jammu and Kashmir only. Rather, treatment can be availed from thousands of hospitals empanelled under this scheme in the country.
- **Rajasthan becomes 6th State to complete ease of doing business reforms-** Rajasthan has become the 6th State in the country to successfully undertake Ease of Doing Business reform stipulated by the Department of Expenditure, Ministry of Finance. Thus, the State has become eligible to mobilise additional financial resources of Rs. 2,731 crore through Open Market Borrowings. Permission for the same was issued by the Department of Expenditure on 24th December, 2020. Rajasthan has now joined the five other States namely, Andhra Pradesh, Karnataka, Madhya Pradesh, Tamil Nadu and Telangana, who have achieved this feat. On completion of reforms facilitating ease of doing business, these six States have been granted additional borrowing permission of Rs.19,459 crore.
- **Union Ministry of Road Transport and Highways (MoRTH) extends validity of Vehicular documents like DLs, RCs, Permits etc till 31st March 2021-** The Union Ministry of Road Transport and Highways (MoRTH) has extended the validity of vehicular documents like DLs, RCs, Permits etc till 31st March 2021 in the light of need to prevent spread of Covid -19. Ministry has issued a directory to the States and Union Territory administrations in the regard. MoRTH had earlier issued advisories dated 30th March, 2020, 9th June, 2020

and 24th Aug 2020 regarding extension of validity of documents related to Motor Vehicles Act, 1988 and Central Motor Vehicle Rules, 1989. It was advised that the validity of Fitness, Permit (all types), License, Registration or any other concerned document(s) may be treated to be valid till 31st December 2020.

- **Hon'ble Union Home Minister Shri Amit Shah launched several development projects in Manipur-** The Hon'ble Union Home Minister Shri Amit Shah inaugurated several development projects in Manipur today. Shri Amit Shah inaugurated the e-office and Thoubal Multipurpose Project (Thoubal Dam) in Imphal through virtual mode. He also laid the foundation stone of seven major development projects, including the Churachandpur Medical College, IT-SEZ at Mantripukhri, Manipur Bhawan in Dwarka, New Delhi and the Integrated Command and Control Center at Imphal. The projects will serve as a benchmark for the entire North East. Shri Amit Shah said that the State Police Headquarters and Smart City Integrated Center at Imphal will help in advancing Smart Governance.
- **Hon'ble Union Home Minister Shri Amit Shah launched several development projects in Assam-** The Hon'ble Union Home Minister Shri Amit Shah launched several development projects in Assam. Shri Amit Shah laid the foundation stone of New Medical College in Guwahati. To be built at a cost of around Rs 850 crore, this will be the second medical college in Guwahati city. Shri Shah also laid the foundation stone of nine law colleges to be built in different parts of Assam. He also distributed financial grants to 8,000 Namghars (traditional Vaisnavite monasteries of Assam) under the Assam Darshan programme.
- **MHA extends Guidelines for Surveillance, Containment and Caution-** The Ministry of Home Affairs (MHA) issued an Order to extend the earlier Guidelines for Surveillance to remain in force upto 31.01.2021. While there has been a continuous decline in the active and new COVID-19 cases, there is need to maintain surveillance, containment and caution, keeping in view the surge in cases globally, and emergence of a new variant of the virus in the United Kingdom (UK). Accordingly, Containment Zones continue to be demarcated carefully; prescribed containment measures strictly followed within these zones; COVID-appropriate behaviour promoted and strictly enforced; and the Standard Operating Procedures (SOPs) prescribed in respect of various permitted activities followed scrupulously.
- **Hon'ble Prime Minister Inaugurates the New Bhaupur- New Khurja Section and the Operation Control Centre of Eastern Dedicated Freight Corridor-** The Hon'ble Prime Minister, Shri Narendra Modi has inaugurated the New Bhaupur- New Khurja section and the Operation Control Centre of Eastern Dedicated Freight Corridor through video conference. Speaking on the occasion, the Hon'ble Prime Minister expressed happiness on seeing the modern rail infrastructure project getting implemented on the ground. He said that when the first goods train runs in the Khurja Bhaupur freight corridor we can hear the roar of the Self reliant india. He said that Prayagraj Operation Control center is one of the modern control centers and a symbol of the new strength of the new India.
- **Bureau of Police Research & Development (BPR&D) releases Data on Police Organizations-** The Bureau of Police Research & Development (BPR&D) released Data on Police Organizations as on 01.01.2020 online. The BPR&D has been publishing the "Data on Police Organizations" (DoPO), annually, since the year 1986. DoPO as on 01.01.2019 was released by the Hon'ble Union Home Minister Shri Amit Shah, on 29th January, 2020. This is for the first time in the history of BPR&D that DoPO for a particular year has been released during the year itself.
- **Decisions taken by the Union Cabinet-** Cabinet Approves Export of Akash Missile System and Creates a Committee for faster Approval of Exports; Cabinet approves MoU between India and Bhutan on Cooperation in the peaceful uses of outer space; Cabinet approves Opening of 3 Indian Missions in Estonia, Paraguay and Dominican Republic; Cabinet approves Deepening and Optimization of Inner Harbour Facilities including Development of Western Dock on Build, Operate and Transfer (BOT) basis under Public-Private Partnership

PPP mode to handle cape size vessels at Paradip Port; Cabinet approves Industrial Corridor nodes at Krishnapatnam and Tumakuru under CBIC.

Finance

- **Ministry of Corporate Affairs recent key releases-** Ministry of Corporate Affairs amends the Companies (Incorporation) Rules, 2014; Ministry of Corporate Affairs amends the Companies (Share Capital and Debenture) Rules, 2014.
- **IFSCA permits Banking Units to transfer of assets through participation agreements-** The International Financial Services Centres Authority (IFSCA) today allowed Banking Units (BUs) to transfer assets to/from other financial institutions, persons resident in India and persons resident outside India through any internationally recognised standard risk participation agreement. Transfer of assets through the risk participation agreement route is a common practice in many jurisdictions especially in the field of trade finance. Such risk participation is undertaken as a bilateral contract under a standard document called a risk participation agreement between the two institutions (buying and selling entity). One of the common standard risk participation agreement is the Master Risk Participation Agreement (MRPA) developed by the Bankers Association for Finance and Trade (BAFT).
- **Ministry of Finance releases Quarterly Report on Public Debt Management, July to September 2020-** Total liabilities (including liabilities under the 'Public Account') of the Government, as per provisional data, increased to ₹1,07,04,294 crore at end-September 2020 from ₹1,01,35,600 crore at end-June 2020. This represented a quarter-on-quarter increase of 5.6 per cent in Q2 FY21. Public debt accounted for 91.1 per cent of total outstanding liabilities at end September 2020.

Foreign Affairs and Trade

- **EU-UK Trade and Cooperation Agreement-** After intensive negotiations, the European Commission has reached an agreement with the United Kingdom on the terms of its future cooperation with the European Union. The draft Trade and Cooperation Agreement consists of three main pillars: A Free Trade Agreement: a new economic and social partnership with the United Kingdom; A new partnership for citizens' security; and A horizontal agreement on Governance: A framework that stands the test of time.
- **Government announces amendment in Export Policy of Onions-** the Central Government has amended the export policy of Onions. The export of all varieties of onions including HS codes 07031010, 07122000, 07031010 and 07122000 has been made "free" with effect from 01.01.2021. Accordingly the notification no. 39/2015-20 dated 09.10.2020 related to export of Bangalore Rose and Krishnapuram Onions also stands withdrawn with effect from 01.01.2021.
- **Government announces amendment in policy condition of Sl.No. 55 & 57, Chapter 10 Schedule-2, ITC(HS) Export Policy, 2018-** The Directorate General of Foreign Trade (DGFT) has amended the Policy condition of Sl.No. 55 & 57, Chapter 10 Schedule-2, ITC(HS) Export Policy, 2018. The Notification No. 24/2015-2020 dated 10th August 2020 is amended to the extent that export of Rice (Basmati and Non-Basmati) to EU member states and other European Countries namely Iceland, Liechtenstein, Norway and Switzerland only will require Certificate of Inspection from EIA/EIC. Export to remaining European countries (except Iceland, Liechtenstein, Norway and Switzerland) will require Certificate of Inspection by Export Inspection Council / Export Inspection Agency for export from 1st July, 2021.

Our Voice

PHDCCI lauds direct transfer of Rs. 18,000 crore to farmers: Agriculture Sector contributes Rs. 87,372 crore as an incremental GDP in H1 FY 2020-21, early resolve of farm laws will strengthen the economic recovery, says industry body PHDCCI-

The second instalment of financial benefit under Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) of Rs. 18,000 crore to more than 9 crores beneficiary farmer families is highly appreciable. The farm sector is the most resilient sector of the Indian economy as it contributed more than Rs. 87,000 crore as an incremental GDP in the H1 of FY 2020-21 when the economy witnessed its most difficult time caused by pandemic Covid-19.

GDP of agriculture, forestry & fishing at current prices grew from Rs. 13,20,449 crore in H1 2019-20 to Rs. 14,07,821 crore in H1 2020-21 with an increase of Rs. 87,372 crore which is showing a growth of 6.6% at current prices. Incremental growth of Agriculture in H1 FY 21 is one of the major factors to pull economic growth from its lows of (-) 23.9% in Q1 FY21 to (-) 7.5% in Q2 FY21. The re-emerging demand in the rural areas at the back of resilience of agriculture sector is supporting manufacturing and services sector activities.

Agriculture sector in India is still the primary source of livelihood of millions; a significant share of workforce in the country depends on agriculture for their livelihood. Thus, the sector has a significant role to play in food security, reducing poverty and sustaining the economic growth trajectory of India. The plethora of schemes and initiatives announced by the Government with the aim of growth and development of agriculture sector including Soil Health Card Scheme, National Agriculture Market (e-NAM), Pradhan Mantri Fasal Bima Yojana, Pradhan Mantri Krishi Sinchai Yojana (PMKSY), Micro Irrigation Fund (MIF), schemes for livestock & fishermen and an outlay of Rs 2.83 lakh crore in Union Budget 2020-21, among others are highly appreciable.

Further, the string of recent reform measures for agriculture and rural sector in the recent months including removing the norm for farmers to sell agriculture produce only to licensees in APMCs, amendment of Essential Commodities Act, implementation of agriculture marketing reforms, promotion of Herbal Cultivation, will help to achieve the vision of our Hon'ble Prime Minister to double the farmers income, going forward. The agriculture sector is a low hanging fruit which will continue to show positive growth on the back of government support to the farm sector.

At this juncture, there is an urgent need to resolve the issues related to the new farm laws by the farmers' organizations and the government with continuous dialogue between the two as farmers' agitation may derail the economic recovery and result in more than Rs. 1,00,000 crore loss of economic activity. The economic activities such as the food processing, cotton textiles, garments, automobile, farm machinery, Information technology, trading, tourism, hospitality and transport have been severely impacted by the continuous agitation with the disrupted supplies of many raw materials to the industry. There is a need to immediately bring a resolution so that the economic recovery process remains intact and GDP growth moves to its higher growth trajectory in the coming quarters.

Though the implementation of GST, one of the major historic economic reforms which changed the entire dynamics of business processes, was also creating so many hardships for businesses particularly for small and medium sized businesses with its teething problems, however, the industry successfully adopted the change and businesses are now working efficiently with significant reduction in transactional costs. Going ahead, it is expected that the reform push to agriculture sector will continue and direct transfers will bring fruitful results in the economy with enhanced consumption demand and support to the manufacturing and services sector activities.

Economy so far

- **From pushing electric mobility to boosting textile sector, Niti Aayog charts 2021 reforms map-** Accelerating electric mobility, enhancing the competitiveness of textiles industry, improving credit access for small and medium enterprises, and pushing water conservation measures will dominate Niti Aayog's to-do list in the new year as it seeks to further the government's reforms agenda for sustained economic growth. As the think tank continues to work with various stakeholders to boost the country's economy, its Vice Chairman and economist Shri Rajiv Kumar said the government has already used COVID-19 crisis for taking several steps to lay the foundation for a rapid and sustained growth in the coming years
- **Ease of doing business: Centre steps up focus on Kolkata, Bangalore-** The Centre has firmed up several proposals — from adopting an online system to approve building plan and e-filing of cases for the enforcement of contracts to providing electricity connections in as early as a week — to make it easier for doing business in Kolkata and Bangalore. The move follows the World Bank's decision to add these two cities to the list of its existing destinations (Delhi and Mumbai) and widen the coverage of its survey for gauging India's performance in its ease of doing business index.
- **Finance Ministry okays 8.5% on PF deposits for 2019-20-** The Finance Ministry has accepted the labour ministry's proposal for crediting 8.5% interest on provident fund deposits for 2019-20, a move that will benefit nearly 60 million subscribers of the Employees Provident Fund Organisation (EPFO). EPFO's Central Board of Trustees, the apex decision-making body under the labour minister, had in March this year approved 8.5% interest rate on EPF for 2019-20. In September, the retirement fund body had decided to split payment of 8.5% interest into two tranches of 8.15% and 0.35%
- **Import monitoring system being developed for several sectors: Commerce Ministry-** The commerce ministry has said an import monitoring system is being developed for several sectors, including aluminium, copper, footwear, furniture, sports goods, and gym equipment. The system would help gather advanced information on imports of these products and make it available to the stakeholders, including government and domestic industries. The system is already in place for steel and coal.
- **Post COVID-19, India can bet on 3 positive aspects for economic revival, says former RBI Governor Subbarao-** Though COVID-19 and the subsequent lockdown left a trail of economic devastation on most countries, India can potentially build upon three positive aspects- push in the rural economy, stronger federalism and a huge consumption base, former RBI Governor Duvvuri Subbarao Rao has said
- **India starts probe into alleged exports subsidisation of aluminium item by Malaysia-** India has initiated a probe into alleged exports subsidisation by Malaysia on an aluminium product, following a complaint by the domestic industry, according to a notification. The commerce ministry's investigation arm Directorate General of Trade Remedies (DGTR) has started an anti-subsidy investigation to examine whether Malaysia's subsidy programmes for exports of 'aluminium primary foundry alloy ingot' into India are impacting the domestic industry
- **4% inflation target is ideal as it matches average trend since 2014, says RBI paper-** According to a Reserve Bank of India research paper, a 4% inflation target for the Indian Monetary Policy Committee is just ideal as it matches with the average trend inflation measured since 2014. The real time estimate of trend inflation was around 5% till the end of 2013, while it fell steadily to 4.1% in the first quarter of 2019, before rising to

breach the 6% upper tolerance limit during the last nine months due to the Covid-led disruptions

- **Bangladesh reduces import duty on rice to 25%-** The New Year is all set to bring in good news for India's rice exporters as Bangladesh has reduced import duty on rice to 25% from 62.5%. This will pave the way for Indian rice exporters, particularly from West Bengal, to export non-basmati rice to the country and fetch better prices for the grain.
- **Delhi is the capital of a big economic and strategic power of more than 130 crore people, its grandeur should be evident: Hon'ble Prime Minister-** The Hon'ble Prime Minister, Shri Narendra Modi has said that each and every city of the country, big or small, is going to be hub of India's economy, however, Delhi, as national capital, should reflect the grandeur of 21st century India that is making its own presence felt in the world. He said that many efforts are being made to modernize this old city. The Hon'ble Prime Minister was speaking after inaugurating the first-ever driverless Metro operations and launching the expansion of National Common Mobility Card to the Airport Express Line of Delhi Metro via video conference.
- **Over 40% of small businesses say it is impossible to file tax returns by month end, want extension: Survey:-** A large number of small businesses claim that they would not be able to abide by the income tax deadlines and want the government to extend it, a Local Circles survey has found. As per the survey 41% of small businesses have said that it would be impossible for them to file income tax returns by December 31. The government has already extended the deadline for filing the tax returns due to the Covid pandemic.
- **Traders urge Finance Minister, GST council to modify new GST notification:-** Trading community on Sunday urged Hon'ble Union Finance Minister Nirmala Sitharaman and Goods and Goods and Services Tax (GST) Council to withdraw certain provisions of the new GST notification issued a few days back. The government had notified certain changes to the GST Rules on December 22 and some of the rules are set to be applicable from January 1 next year. In a memorandum, Federation of All India Vyapar Mandal - a national body of small traders - advocating for a single- point GST.
- **442 infrastructure projects show cost overruns of Rs 4.34 lakh crore: MoSPI Report-** As many as 442 infrastructure projects, each worth Rs 150 crore or more, have been hit by cost overruns of over Rs 4.34 lakh crore, according to a report. The Ministry of Statistics and Programme Implementation monitors infrastructure projects worth Rs 150 crore and above. Of the 1,671 such projects, 442 reported cost overruns and 536 time escalation. Total original cost of implementation of the 1,671 projects was Rs 21,21,383.82 crore and their anticipated completion cost.
- **Divergences in rural, urban inflation do not persist for long: RBI paper:-** Rural-urban inflation divergence does not persist in the long run and converges over time, and both exhibit a long-term equilibrium relationship, said an RBI article. This convergence of rural-urban inflation supports the relevance of one inflation target as nominal anchor at the national level, said the article prepared by Binod B. Bhoi, Himani Shekhar and Ipsita Padhi, Department of Economic and Policy Research, RBI. Rural urban inflation dynamics in India reveals close co-movement

Studies/Newsletters

PHD Research Bureau released newsletter on EAC Newsletter for the Month of December 2020, which disseminates information pertaining to a broad view of economic and socio-economic developments in the Indian economy and State Development Monitor for the Month of November & December 2020, that captures

the developments on various fronts such as economic, health, infrastructure, rural economy, tourism in all the states of India.

[EAC Newsletter for the Month of December 2020](#)



[State Development Monitor for the Month of November & December 2020](#)



Markets So Far

Indicators	Yearly			Monthly			Daily		
	2017	2018	2019	Sept 20	Oct 20	Nov 20	Dec 28 20	Dec 29, 20	Dec 30, 20
BSE SENSEX	34057	36068	41253	38067	39614	44149	47353	47613	47746

GOLD (10 GRMS)	28966	30600	34813	50902	50705	50423	49866	49854	49774
CRUDE OIL (1 BBL)	3317	4437	4007.8	2915	2917	3055	3549	3534	3518
EXCHANGE RATE (INR/USD)	65	68	70.4	73.47	73.47	74.31 [#]	73.50	73.42	73.30

Source: PHD Research Bureau, PHDCCI, compiled from BSE, MCX and Bloomberg (Note: # data pertains to average of November 2020 till 20th November 2020)

Warm Regards,

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