

## Weekly Compendium of Economic and Business Developments

(Period ending September 18, 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 July 2020 IIP growth, August 2020 WPI inflation, August 2020 CPI inflation, introduction of three bills aimed at transformation of agriculture and raising farmers' income, forecasts by OECD Interim Economic Outlook, launch of Climate Smart Cities Assessment Framework by Hon'ble Minister of State for Housing and Urban Affairs (I/C), launch of Aatmanirbhar Bharat ARISE-ANIC Initiative by Atal Innovation Mission, issue of Operating Guidelines for Portfolio Managers in International Financial Services Centre (IFSC) by SEBI, review of Long Form Audit Report (LFAR) by RBI, India's foreign trade August 2020, amendment in export policy of onions, among others. The details of disseminated information during the week ending 18th September 2020 are appended.

### India and World Economy

- **Three bills aimed at transformation of agriculture and raising farmers' income introduced in Lok Sabha; to replace ordinances promulgated on 5th June 2020**- Three bills aimed at transformation of agriculture in the country and raising farmers' income were introduced in Lok Sabha today to replace ordinances promulgated on 5th June 2020 namely The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020, The Farmers (Empowerment and Protection) Agreement of Price Assurance and Farm Services Bill, 2020 and The Essential Commodities (Amendment) Bill, 2020. Seeking permission of the Chair to introduce the Bills, Shri Narendra Singh Tomar said that the measures contained therein will enable barrier-free trade in agricultural produce, and also empower farmers to engage with investors of their choice.
- **Hon'ble Prime Minister launches PM Matsya Sampada Yojana, e-Gopala App & several initiatives in Bihar**- Shri Narendra Modi, Hon'ble Prime Minister, has launched PM Matsya Sampada Yojana, e-Gopala App & several initiatives linked to studies and research in fisheries production, dairy, animal husbandry and agriculture in Bihar through video conferencing. Speaking on the occasion, Hon'ble Prime Minister said that the motive behind all these schemes launched is to empower India's villages and make India Self-Reliant (AatmaNirbhar Bharat) in the 21st Century.
- **July 2020 IIP growth stands at around (-)10%**- Growth in industry output, as measured in terms of IIP, for the month of July 2020 stands at around (-)10% as compared to (-)16% in June 2020. In view of the preventive measures and announcement of nation-wide lockdown by the Government to contain spread of COVID-19 pandemic, a large number of the industrial sector establishments were not operating from the end of March, 2020 onwards. This has had an impact on the items being produced by the establishments during the period

of lockdown. With the lifting of restrictions in the subsequent periods, industrial activity is resuming. The Index for the month of July 2020 stands at 118.1 as compared to 54.0, 89.5 and 108.9 for April 2020, May 2020 and June 2020.

- **WPI inflation stands at around 0.16% in August 2020-** The WPI inflation stands at around 0.16% in August 2020 as compared to (-) 0.6% in July 2020 (-)1.8% in June 2020, (-)3.4% in May 2020, (-)1.6% in April 2020, 0.4% in March 2020 and 2.3% in February 2020. The increase in WPI inflation in the month of August 2020 is attributed to increase in the prices of Primary Articles, whose inflation edged up to 1.6% in August 2020 as compared to 0.63% in July 2020; Minerals, whose inflation rate rose to 4.9% in August 2020 against (-)7.8% in July 2020; and rise in inflation of LPG to around 6.15% in August 2020 from (-)5.72 in July 2020.
- **CPI inflation falls to 6.69% in August 2020-** The National Statistical Office (NSO), Ministry of Statistics and Programme Implementation is releasing Consumer Price Index (CPI) on Base 2012=100 for Rural (R), Urban (U) and Combined (C) for the month of August 2020 (Provisional) in this press note. The corresponding Consumer Food Price Index (CFPI) for all India Rural, Urban and Combined are also being released. The Price data are collected from representative and selected 1114 urban markets and 1181 villages covering all States/UTs through personal visits by field staff of Field Operations Division of NSO, MoSPI on a weekly roster. During the month of August, 2020, NSO collected prices from 96.1% villages and 96.4% urban markets while the market-wise numbers of prices reported therein were 78.6% for rural and 84.4% for urban as compared to 87.9% for rural and 93.9% for urban in February 2020.
- **Government constitutes Expert committee for assistance on assessment of relief to bank borrowers-** According to the Government, various concerns have been raised during the proceedings of the ongoing hearing in Hon'ble Supreme Court of India, in the matter of Gajendra Sharma Vs. UoI and Others, of the matter regarding the relief sought in terms of waiver of interest and waiver of interest on interest and other related issues. Government has accordingly constituted an Expert Committee for making an overall assessment so that its decisions in this regard are better informed.
- **Unprecedented falls in GDP in most G20 economies in second quarter of 2020-** COVID-19 containment measures weighed heavily on economic activity in the second quarter of 2020, with unprecedented falls in real gross domestic product (GDP) in most G20 countries. For the G20 area as a whole, GDP dropped by a record (minus) 6.9%, significantly larger than the (minus) 1.6% recorded in the first quarter of 2009 at the height of the financial crisis. China was the only G20 country recording growth (11.5%) in the second quarter of 2020, reflecting the earlier onset of the pandemic in this country and subsequent recovery.
- **India's GDP to grow at (-)10.2% in 2020 and 10.7% in 2021: Forecasts by OECD Interim Economic Outlook, September 2020-** According to OECD's Interim Economic Outlook, with the COVID-19 pandemic continuing to threaten jobs, businesses and the health and well-being of millions amid exceptional uncertainty, building confidence will be crucial to ensure that economies recover and adapt. The Interim Economic Outlook projects global GDP to fall by 4½ per cent this year, before growing by 5% in 2021. The forecasts are less negative than those in OECD's June Economic Outlook, due primarily to better than expected outcomes for China and the United States in the first half of this year and a response by governments on a massive scale. However, output in many countries at the end of 2021 will still be below the levels at the end of 2019, and well below what was projected prior to the pandemic.
- **Government relaxes existing timeline for submission of Life Certificate-** Hon'ble Union Minister of State (Independent Charge), Development of North Eastern Region (DoNER), MoS PMO, Personnel, Public

Grievances, Pensions, Atomic Energy and Space, Dr Jitendra Singh said that in a major relief to elderly persons, Government has relaxed the existing timeline for submission of Life Certificate. All Central Government pensioners can submit Life Certificate from 1st November, 2020 to 31st December 2020. Earlier this used to be only for the month of November for maintaining continuity of Pension.

- **Corporatisation of Ordnance Factory Board: Government constitutes Empowered Group of Ministers headed by Raksha Mantri-** Consequent to the decision of the Government to convert Ordnance Factory Board (OFB), a subordinate office of Ministry of Defence (MoD) into one or more than one 100% Government owned corporate entities, the Government has constituted an Empowered Group of Ministers (EGoM), under the Chairmanship of Hon'ble Raksha Mantri Shri Rajnath Singh, to oversee and guide the entire process, including transition support and redeployment plan of employees while safeguarding their wages and retirement benefits.
- **Hon'ble Minister of State for Housing and Urban Affairs (I/C) launches Climate Smart Cities Assessment Framework-** Shri Hardeep Singh Puri, Hon'ble Minister of State for Housing and Urban Affairs (I/C) has launched the Climate Smart Cities Assessment Framework (CSCAF) 2.0, along with the 'Streets for People Challenge' in a virtual event organized by the Smart Cities Mission, Ministry of Housing and Urban Affairs (MoHUA). The objective of CSCAF is to provide a clear roadmap for cities towards combating Climate Change while planning and implementing their actions, including investments. In the last decade, an increasing frequency of cyclones, floods, heat waves, water scarcity and drought-like conditions have had adverse impacts on many of our cities.
- **Atal Innovation Mission Launches Aatmanirbhar Bharat ARISE-ANIC Initiative-** Atal Innovation Mission (AIM), NITI Aayog, launched one of its most awaited programmes, the Aatmanirbhar Bharat ARISE-Atal New India Challenges, to spur applied research and innovation in Indian MSMEs and startups. The programme will be driven by Indian Space Research Organization (ISRO), four ministries—Ministry of Defence; Ministry of Food Processing Industries; Ministry of Health and Family Welfare; and Ministry of Housing and Urban Affairs—and associated industries to facilitate innovative solutions to sectoral problems.
- **ADB and India Sign USD 500 Million Loan for Delhi-Meerut RRTS Corridor-** The Asian Development Bank (ADB) and the Government of India signed a USD 500 million loan, the first tranche of a total USD 1 billion facility, to build a modern, high-speed 82-kilometer Delhi-Meerut Regional Rapid Transit System (RRTS) corridor that will improve regional connectivity and mobility in India's national capital region (NCR). The first tranche loan will support construction of the first of three priority rail corridors planned under the NCR Regional Plan 2021 to connect Delhi to other cities in adjoining states.
- **IBBI releases discussion paper on n Governance Issues in Insolvency Professional Agencies (IPAs)-** Insolvency and Bankruptcy Board of India has released a discussion paper on n Governance Issues in Insolvency Professional Agencies (IPAs) and proposed amendment on requirement of certain minimum qualifications, experience and other criteria for appointment of directors of the IPA and Self-Evaluation by the Governing Board of IPA.

## Finance

- **SEBI issues Circular on Mutual Funds-** The SEBI has issued circular on Mutual Funds regarding uniformity in applicability of Net Asset Value (NAV) across various schemes upon realization of funds, trade Execution and Allocation, for orders pertaining to equity and equity related instruments, requirements with respect to

investments in all instruments, monitoring of Compliance and applicability.

- **SEBI clarifies Collection and Reporting of Margins by Trading Member (TM) /Clearing Member (CM) in Cash Segment-** SEBI, vide circular no. CIR/HO/MIRSD/DOP/CIR/P/2019/139 dated November 19, 2019 and SEBI/HO/MIRSD/DOP/CIR/P/2020/146 dated July 31, 2020, issued guidelines with regard to collection of margins from clients and reporting of short-collection/non-collection of margins by Trading Member (TM) / Clearing Member (CM). Paragraph 4.1.1 and 4.1.2 of the SEBI circular dated November 19, 2019, specifies the following: The 'margins' for this purpose shall mean VaR margin, extreme loss margin (ELM), mark to market margin (MTM), delivery margin, special / additional margin or any other margin as prescribed by the Exchange to be collected by TM/CM from their clients. Henceforth, like in derivatives segment, the TMs/CMs in cash segment are also required to mandatorily collect upfront VaR margins and ELM from their clients. The TMs/CMs will have time till 'T+2' working days to collect margins (except VaR margins and ELM) from their clients.
- **RBI releases Draft Rupee Interest Rate Derivatives (Reserve Bank) Directions, 2020 under Section 45 W of the RBI Act, 1934-** In pursuance of the announcements made in the Statement on Developmental and Regulatory Policies dated February 6, 2020, the Reserve Bank of India has released Draft Rupee Interest Rate Derivatives (Reserve Bank) Directions, 2020.
- **SEBI Issues Modifications in Asset Allocation of Multi Cap Funds-** SEBI vide circular no. SEBI/HO/IMD/DF3/CIR/P/2017/114 dated October 06, 2017, has issued guidelines regarding categorization and rationalization of Mutual Fund Schemes. In this regard, in order to diversify the underlying investments of Multi Cap Funds across the large, mid and small cap companies and be true to label, it has been decided to partially modify the scheme characteristics of Multi Cap Fund at sr. no. 1 of point A of Annexure of the aforesaid circular.
- **SEBI implements Automation of Continual Disclosures under Regulation 7(2) of SEBI (Prohibition of Insider Trading) Regulations, 2015 -** System driven disclosures- SEBI Vide Gazette Notification No. SEBI/LAD-NRO/GN/2020/23 dated July 17, 2020, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (PIT Regulations) have been further amended. Pursuant to the aforesaid amendment of PIT Regulations and discussions held with the Stock Exchanges and Depositories, it has now been decided to implement the system driven disclosures for member(s) of promoter group and designated person(s) in addition to the promoter(s) and director(s) of company (hereinafter collectively referred to as entities) under Regulation 7(2) of PIT Regulations.
- **SEBI issues Operating Guidelines for Portfolio Managers in International Financial Services Centre(IFSC)-** SEBI has issued SEBI (International Financial Services Centres) Guidelines, 2015 (hereinafter referred to as 'IFSC Guidelines') on March 27, 2015 for facilitating and regulating financial services relating to securities market in an IFSC set up under section 18(1) of Special Economic Zones Act, 2005. The IFSC Guidelines and related Circulars issued by SEBI from time to time provide for a broad framework for operation of various intermediaries (including Portfolio Managers) therein, as defined in Clause 2(1)(g) of the IFSC Guidelines. Further, in terms of Clause 3(1) of the IFSC Guidelines, SEBI can issue guidelines for any entity desirous of undertaking any other financial services relating to securities market.
- **MCA issues General order for extension of time to hold AGM for FY 2019-20-** A big Relief is given by Ministry of Corporate Affairs (MCA) to around 12 lakhs companies by extending the timeline for holding Annual General Meeting till December 31st from September 30th. MCA issued directions to Registrar of Companies



(RoCs) to issue orders without filing of formal application and payment of fee. Even applications already filed but not approved or rejected are also covered for this relief. MCA is extending this timeline due to COVID-19 and Meeting the demand from various associations for extending time to hold AGM. This is for the first time that such relief generally is given to all companies.

- **SEBI notifies Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015 – Amendment**- This is in reference to SEBI (IFSC) Guidelines 2015 which were notified by SEBI on March 27, 2015 and SEBI Circular SEBI/HO/CIR/P/2017/85 dated July 27, 2017. In order to further streamline the operations at IFSC, based on co stations held with the stakeholders, it has been decided to amend clause 4 (2) of SEBI (IFSC) Guidelines, 2015.
- **RBI Reviews Long Form Audit Report (LFAR):** This in reference to RBI circular No. DBS.CO.PP.BC.11/11.01.005/2001-2002 dated April 17, 2002 on revision of Long Form Audit Report (LFAR). Keeping in view the large scale changes in the size, complexities, business model and risks in the banking operations, a review of the LFAR formats, in consultation with the stakeholders, including the Institute of Chartered Accountants of India (ICAI), was undertaken by RBI. As per the review, the format of LFAR have been revised.
- **RBI releases Draft Variation Margin (Reserve Bank) Directions, 2020 under Section 45 W of the RBI Act, 1934**- The Reserve Bank of India released Draft Variation Margin (Reserve Bank) Directions, 2020. Reserve Bank of India in its Statement on Developmental and Regulatory Policies dated February 6, 2020 announced that RBI will issue the directions regarding exchange of variation margin for non-centrally cleared derivatives (NCCDs), following the G-20 recommendations, and with a view to improve safety of settlement of over-the-counter (OTC) derivatives that are not centrally cleared. Accordingly, a draft Variation Margin (Reserve Bank) Directions, 2020 is being issued for feedback.
- **SEBI permits Entities to undertake e-KYC Aadhaar Authentication service of UIDAI in Securities Market –** Addition of NSE to the list- SEBI vide circular No. SEBI/HO/MIRSD/DOP/CIR/P/2020/80 dated May 12, 2020 permitted eight entities to undertake Aadhaar Authentication service of UIDAI subject to compliance of the conditions as laid down in this regard. Government of India, Department of Revenue (DoR), vide Gazette Notification No. G.S.R. 516(E) dated August 20, 2020, notified “National Stock Exchange of India Limited” (NSE) as per the recommendation by Unique Identification Authority of India (UIDAI) and SEBI to undertake Aadhaar authentication service of the UIDAI under section 11A of the Prevention of Money-laundering Act, 2002. In view of the same, National Stock Exchange of India Limited shall undertake Aadhaar Authentication service of the UIDAI subject to compliance of the conditions as laid down in this regard.

## Trade

- **Government announces insertion of policy condition in chapter 85 and 94 of ITC (HS), 2017, Schedule - I (Import Policy)**- In exercise of powers conferred by Section 3 of FT (D&R) Act, 1992, read with paragraph 1.02 and 2.01 of the Foreign Trade Policy, 2015-2020, as amended from time to time, the Central Government hereby adds a new policy condition in Chapters 85 and 94 of ITC(HS), 2017, Schedule-I (Import Policy). The effect of the notification is that a new Policy Condition is added in Chapter 85 and 94 of ITC(HS), 2017, Schedule-I (Import Policy) to enable random sampling of LED products and Control Gear for LED products notified under "Electronics and Information Technology Goods (Requirement of Compulsory Registration)

Order, 2012".

- **Merchandise exports and imports grew by (-) 13% and (-) 26% respectively in August 2020-** Exports in August 2020 were USD 23 billion, as compared to USD 26 billion in August 2019, exhibiting a negative growth of (-)13 per cent. Imports in August 2020 were USD 30 billion which is a decline of (-) 26 per cent lower in Dollar terms over imports of USD 40 billion in August 2019. Exports of services in July 2020 were USD 17 billion registering a negative growth of (-) 11 per cent in dollar terms, vis-à-vis July 2019 while imports of services in July 2020 were USD 10 billion registering a negative growth of (-) 22 per cent in dollar terms, vis-à-vis July 2019. The trade deficit for August 2020 was estimated at USD 7 billion as against the deficit of USD 14 billion in August 2019, which is a decline of (-) 51 percent. Taking merchandise and services together, overall trade surplus for April-August 2020-21\* is estimated at USD 14 billion as compared to the deficit of USD 45 billion in April-August 2019-20.
- **Government announces amendment in Export Policy of Onions-** In exercise of the power conferred by Section 3 of the Foreign Trade (Development and Regulation) Act, 1992, as amended, read with para 1.02 and 2.01 of the Foreign Trade Policy, 2015-20, the Central Government hereby makes amendment in the Export policy of the onions for the item description at Serial Number 51 and 52 of Chapter 7 of Schedule 2 of ITC (HS) Classification of Export and Import items, with immediate effect. The effect of the notification is that the export of all varieties of onions as specified is prohibited, with immediate effect. The provisions under Transitional Arrangement (Para 1.05 of the FTP 2015-20) shall not be applicable under this notification.
- **India and Japan sign agreement on Reciprocal Provision of Supplies and Services between Forces of both countries-** India and Japan signed an Agreement between the two countries concerning Reciprocal Provision of Supplies and Services between the Armed Forces of India and The Self-Defense Forces of Japan. This agreement establishes the enabling framework for closer cooperation between the Armed Forces of India and Japan in reciprocal provision of supplies and services while engaged in bilateral training activities, United Nations Peacekeeping Operations, Humanitarian International Relief and other mutually agreed activities.

## Our Voice

**The three Agriculture bills will enable barrier-free agricultural trade and significantly enhance farmer's income:**

**PHD Chamber:** The historic move of introducing the three Agriculture bills introduced in Lok Sabha recently by the Government led by Hon'ble Prime Minister Shri Narendra Modi ji will enable barrier-free agricultural trade and significantly enhance farmers' income. Ensuring a highest level of farmers' welfare has been at the core of the reforms agenda of the Modi Government. The three bills namely; the Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020, the Farmers (Empowerment and Protection) Agreement of Price Assurance and Farm Services Bill, 2020 and the Essential Commodities (Amendment) Bill, 2020 will boost agricultural production, promote healthy competition, fetch better prices for farmers' produce, remove middlemen & related bottlenecks and significantly liberalize the agriculture sector in the coming times. Removal of commodities such as cereals, pulses, oilseeds, edible oils, onion and potatoes from the list of essential commodities under the Essential Commodities (Amendment) Bill, 2020 will increase private investments in cold storage and remove the supply side bottlenecks at better prices for the farmers.

The three legislations will help farmers to harness economies of scale, improve agriculture and logistics infrastructure, attract foreign direct investments along with private investments & new technologies and build resilient supply chains for supply of Indian farm produce to domestic as well international markets. Over the years, India has emerged as a key supplier of food products and has the potential to serve as a factory to world.

Even during the difficult time of pandemic COVID-19 lockdown, the country thrived to ensure the continuity of world food supply chains and remained open to export agricultural commodities. The three bills will help in boosting India's agri & food processing exports from the current level of USD 40 billion to USD 100 in the next five years and enhance the sector's competitiveness globally.

**Divert trade from China towards friendly nations; domestic capacity building and level playing field crucial to reduce imports says joint survey study by PHD Chamber and Department of Commerce, Delhi School of Economics:**

India should move away from all its imports from China, divert trade towards friendly economies and enhance domestic capabilities with significant focus level on playing field for domestic manufacturers suggests a joint study conducted by PHD Research Bureau of PHD Chamber of Commerce and Industry and Department of Commerce, Delhi School of Economics on India's Imports from China: Strategy for Domestic Capacity Building. There were a lot of economic complementarities between the two fastest moving emerging economies during the last many years, however, trade potential between India and China has not been explored fully owing mainly to China's unfair trade regime and use of non-tariff barriers. The merchandise trade deficit between the two economies has increased from around USD 23 billion in FY2009 to USD 48 billion in FY2020. China's share in India's total imports is at around 14% while its share in India's exports is at around 5%. Further, China's share in the total imports of India's top 10 export destinations has increased from 10% in 2001 to 13% in 2001 and 17% in 2019. On the other hand, India's share in total imports of its top 10 export destinations has increased from 8% in 2001 to 10% in 2011 and has remained same at 10% in 2019.

In India's top 150 import items from China at 4-digit level, the share of the Electrical Machinery sector stands at around 28%, followed by Chemicals & fertilizers (17%), Machinery & Mechanical appliances (16.6%), Iron & Steel (3.2%), Plastics (3%), Automobiles & parts (1.9%), Textiles & Garments (1.8%), amongst others. Over the years, China has been resorting to unfair trade practices, dumping low-cost products in India's ever expanding consumer market. Unfair competition from low-cost imported products has impacted the sentiments of domestic manufacturers especially MSMEs in terms of expansion of production processes and creation of new employment in their respective factories. The Study depicts interesting insights from the Survey on India's Imports from China: Strategy for Domestic Capacity Building in which 1240 business firms responded on a structured questionnaire disseminated by PHDCCI and Department of Commerce, Delhi School of Economics. According to the comprehensive survey study, more than 50% of the business firms revealed that most of the products imported from China are also supplied by domestic market players. Going forward, there is a need to provide continuous facilitation to the domestic industry for becoming globally competitive to meet domestic as well as foreign demand. Around 47% of the firms said that there has been a drastic decline in their sales due to increased imports from China whereas 53% of the business firms said that there has been a decline in imports from other countries after the rise in imports from China. Around 40% of the business firms revealed that low cost products is one of the major reasons for imports from China even though the quality of the products is not that much reliable as compared with domestically produced items in India. More than 50% of the firms indicated that rising imports from China have impacted employment creation in their respective businesses. Majority of the respondents unanimously felt that indigenous production should be increased in India of which 15% of the firms felt that they need Government support/ facilitation to produce/ enhance production of various items with greater ease of doing business at ground level, 13% of the business firms were very aggressive in producing various items in India which are currently imported from China; these firms were planning to enhance production possibility frontiers on the back of recent reforms undertaken by the government such as revised definition of MSMEs.

At this juncture, with majority of the respondents were in favour of domestic sourcing of inputs and diversion in trade and said that India should shift away all imports from China towards friendly economies and significantly

scale up indigenous production at competitive costs. India's top 150 import items from China at 4-digit level contribute 34% in its total imports from world and rest 66% is sourced from other countries in the same itmes, at this juncture, 34% of the imports from China should also be sourced from countries such as Vietnam, Korea, Singapore, Belgium, Italy, Saudi Arabia, Oman, Germany, USA, Japan, among others. Similarly there are alternatives of diverting India's exports to China to other countries such Japan, UAE, Saudi Arabia, USA, Vietnam, Bangladesh, UK, Netherlands, Thailand, Turkey, among others.

A comprehensive strategy should be pursued to explore friendly sources for imports as well as export destinations while focusing on enhancing indigenous production and domestic capacity building. Although, there would be some short-term impact of shifting imports from China to other economies, the benefits in the medium to long-term are expected to outweigh and bring overall positive results with enhanced competitiveness of Indian businesses along with significant domestic capacity building. Efforts to promote self-reliance will not only help in shifting our imports away from China to meet domestic demand but also expand India's exports in the international market. As MSMEs are crucial for growth and development of the Indian economy, further measures should be undertaken to develop the value chains of MSMEs and making them more structurally competent and linked with global value chains.

## Economy so far

- **India-China trade deficit fell to \$5.5 billion in Q1: Government to Parliament-** The trade deficit between India and China in April-June (Q1) of this fiscal year fell to \$5.48 billion, compared to \$13.1 billion in the corresponding period last year. Government has consistently taken steps to balance our trade with China by increasing our exports to China and reducing our dependence on imports from China, he said.
- **India's electronic component imports for 2019-20 stand at Rs 1.15 lakh crore** - The country imported electronic components worth Rs 1.15 lakh crore in 2019-20, out of which, 37 per cent came from China, according to Hon'ble Minister of State for Communications and Electronics and IT, Shri Sanjay Dhotre. The data was shared by him on the impact on the electronics sector due to shutting down of factories in China. As per data available from the Directorate General of Commercial Intelligence and Statistics (DGCI&S), the total electronic component imports in the country in FY 2019-20 was Rs 1,15,558 crore, out of which the import from China was Rs 42,983 crore, which amounts to about 37 per cent," he said.
- **DGTR probing alleged circumvention of anti-dumping duty on axle for trailers by China-** The Commerce Ministry's investigation arm DGTR (Directorate General of Trade Remedies) has initiated a probe into an alleged circumvention of the anti-dumping duty imposed on the imports of 'axle for trailers' from China. The anti-dumping duty on the product was imposed by the finance ministry in November 2016. According to a notification, the directorate has received information from Commissioner of Customs (imports), Nhava Sheva that the duty is being circumvented as the product is being imported in CKD (Complete Knock Down)/SKD (Semi-Knock Down) form and then assembled as 'axle for trailers'. The prima facie evidence indicates circumvention of the duty and undermining of the efficacy of the duty on the product.
- **Hon'ble Chief Minister of Maharashtra asks state industries department for plan on ease of doing biz-** Hon'ble Chief Minister of Maharashtra asked the state industries department to prepare an action plan for effective implementation of ease of doing business measures. Maharashtra has bagged the highest number of investments among states in the country and this momentum has to be maintained. He said the industries department should make the ease of doing business procedure more effective in the state.



- Retail inflation to come down with easing of lockdowns: Chief Economic Adviser-** Attributing the rise in inflation to supply-side frictions, Chief Economic Adviser Shri K V Subramanian has exuded confidence that retail inflation will come down in the days ahead with the easing of lockdowns. According to the Government data, retail inflation rose to 6.93 per cent in July, mainly driven by rising prices of food items like vegetables, pulses, meat and fish. However, wholesale price-based inflation declined 0.58 per cent in July, even as food items turned costlier. Overall, the difference between wholesale and retail inflation is primarily due to supply-side factors which should decrease and therefore going forward even the retail inflation should ease, he added.
- Festive demand, rising prices of milk products to bring cheers after COVID woes-** International skimmed milk powder (SMP) prices have hit a seven-month high. That's good news for Indian dairy producers, with the 'flush season' (when animals, particularly buffaloes, calve and produce more milk) taking off and domestic demand also improving ahead of the main festival period in October-November. prices of SMP at Global Dairy Trade (GDT), the fortnightly auction platform of New Zealand's Fonterra Cooperative, averaged \$2,889 per tonne. This was a 8.5 per cent jump over the previous auction rate of \$2,663 on September 1 and the highest since \$2,907 on February 4.
- Atmanirbhar Bharat report card: Rs 25k cr disbursed to farmers, Rs 1.18 lakh cr credited to MSMEs so far-** The Ministry of Finance has shared an update on the progress of the multiple schemes under the Rs 20-lakh-crore Atmanirbhar Bharat package announced by Hon'ble Prime Minister Shri Narendra Modi. According to the ministry, Rs 25,000 crore has been disbursed to farmers as on August 28, 2020, under the Rs 30,000 crore additional emergency working capital funding through National Bank for Agriculture and Rural Development (NABARD). The remaining Rs 5,000 under the Special Liquidity Facility (SLF) was allocated to NABARD by the Reserve Bank of India for smaller non-banking financial companies (NBFC) and NBFC-MFIs.
- Cost control: Centre asks autonomous bodies to return idle funds parked in their bank accounts-** The finance ministry has asked all government-funded autonomous bodies (ABs) and 'grantee institutions' to return part of the idle funds parked in their bank accounts or held by them as fixed deposits. The move is part of the revenue-starved government's effort to rebalance the Budget amid a dire need to stimulate the economy. Though a precise estimate of the inflows into the exchequer as a result of the latest move is not immediately available, it will likely help the government garner a "substantial amount of funds". Many of these institutions have over the years accumulated a lot of unspent funds, of the monies received from the Budget. Budget support to these bodies for FY21 is estimated at Rs 87,825 crore.
- India to be self-reliant in fertilisers production by 2023: Shri Sadananda Gowda-** India will be self-reliant in fertiliser production by 2023 as new units are being set up with an investment of Rs 40,000 crore to reduce dependency on imports, Hon'ble Fertilisers Minister Shri D V Sadananda Gowda has said. By 2023, India will be self-reliant in the production of fertilisers as under the 'Aatmanirbhar Bharat' programme new fertiliser manufacturing units are being setup with an investment of Rs 40,000 crore in the country to reduce dependency on imports, he added.
- GST: 12 states accept centre's Rs 97,000 crore borrowing option-** Twelve states including Andhra Pradesh, Bihar, Gujarat, Haryana, Karnataka, Madhya Pradesh, Meghalaya, Sikkim, Tripura, Uttar Pradesh, Uttarakhand and Odisha so far have opted for the first option offered by the centre — Rs 97,000 crore borrowing for compensation of revenue shortfalls due to goods and service tax (GST) transition. Manipur is the only state that has opted for the second option that entails borrowing under the Rs 2.35 lakh crore window, which entails revenue shortfall due to GST transition as also Covid19 induced economic slowdown.

- Licence of 56 customs brokers suspended since August 2019 for links with fraudulent exporters: CBIC-** Licences of 56 customs brokers including 37 from Delhi have been suspended since August 2019 till date, basis analytics of customs brokers linked with fraudulent or unscrupulous exporters, the Central Board of Indirect Taxes and Customs (CBIC). The Directorate General of Analytics and Risk Management (DGARM) had carried out the data analytics which revealed that 62 customs brokers (including 37 from Delhi) had handled more than 15,290 export consignments of 1,431 untraceable exporters. These customs brokers were placed in three categories based on the extent of their linkage with the non-existent or untraceable exporters.
- Government releases Rs 6,195 cr to 14 states as instalment of post devolution revenue deficit grant-** The Centre has released Rs 6,195 crore to 14 states as monthly instalment of post devolution revenue deficit grant. The government on September 10, 2020 released Rs 6,195 crore to 14 states as the sixth equated monthly instalment of the Post Devolution Revenue Deficit Grant as recommended by the 15th Finance Commission. This would provide them additional resources during the Corona crisis.
- India to probe circumvention of anti-dumping duty on imports of axle for trailers from China:** The Directorate General of Trade Remedies on Tuesday said it has received information from Commissioner of Customs (Imports), Nhava Sheva that the anti-dumping duty is being circumvented as the product is being imported in semi and completely knocked down (SKD/CKD) form and thereafter being assembled.
- India will be back to high growth through reforms after overcoming pandemic, CEA:** Krishnamurthy Subramanian pointed out that core sectors like cement, steel, railway freight and Information and Communication Technology were all "in positive territory" for the first time since July 2019.
- Government's skill agenda is to create workforce to match global demands: Hon'ble PM-** Hon'ble Prime Minister Shri Narendra Modi has said the government's skill agenda is to create a workforce that matches the global demands and several efforts have been undertaken to enable a strong skill development ecosystem. He also observed that the whole nation has come together under the 'Atmanirbhar Bharat' mission and it is the need of the hour for every Indian to be self-reliant in these changing times. There are many sectors witnessing the growing demand for skilled youth. This is an opportunity for our young workforce to convert the present challenges into opportunities and become the strong pillars of Atmanirbhar Bharat, he added.
- Further fiscal stimulus needed to help India properly deal with pandemic fallout: IMF-** The IMF has said that there is a need for another stimulus in India, especially expenditures on health, food and income support for vulnerable households, and support for businesses in view of the COVID-19 pandemic. However, the global financial institution supports the Indian government's responses to the pandemic including fiscal stimulus with a focus on low income workers and households.
- CRISIL revises its full-year GDP projections downwards, says economy to shrink by 9%-** Rating agency CRISIL said India would see a deeper contraction of 9% during the current fiscal, down from its -5% estimate in May. With the pandemic's peak not yet in sight and the government not providing adequate direct fiscal support, the downside risks to our earlier forecast have materialised, it said.
- Government approves Rs 971-cr Munger-Bhagalpur highway project in Bihar-** The government has said it has approved a Rs 971 crore highway project in Bihar. The Ministry of Road Transport and Highways

(MoRTH) has approved a proposal to construct 120 km Munger-Bhagalpur-Tirpety-Kahalgaon concrete road on national highway 80 in Bihar. Munger-Bhagalpur highway project will be a 2-lane road, which will also be 4-lane wide at certain stretches. The Hon'ble Minister of Highways Shri Nitin Gadkari has directed officials to begin work on this Road within next three months besides releasing Rs 20 crore for immediate repair works on this section.

- **India's 11th city gas bidding round to be launched soon: Shri Dharmendra Pradhan-** India will soon launch a bid round to give out licences for retailing gas in cities to help extend the coverage of environment-friendly fuel to about 500 cities, Hon'ble Oil Minister Shri Dharmendra Pradhan has said. During 2018 and 2019, sector regulator PNGRB gave out licences to retail CNG to automobiles and piped cooking gas to household kitchens in 136 geographical areas or GAs. This extended coverage of the city gas network to 406 districts and around 70 per cent of the country's population.
- **Indian economy to contract 11.8% in FY21: India Ratings-** India's real GDP will likely shrink by as much as 11.8%, year-on-year, in FY21, revising down its earlier forecast of a 5.3% contraction. However, the economy could witness a 9.9% expansion in the next fiscal, largely on account of a favourable base effect, but a meaningful recovery in the wake of the Covid-19 pandemic will likely be a "long-drawn" process, the agency said.
- **NABARD sanctions micro-irrigation projects worth Rs 3,805.67 crore so far:** Hon'ble Agriculture Minister Shri Narendra Singh Tomar- Hon'ble Agriculture Minister Shri Narendra Singh Tomar said that the National Bank for Agriculture and Rural Development (NABARD) has sanctioned micro-irrigation projects worth Rs 3,805.67 crore so far. The projects have been sanctioned under the dedicated Rs 5,000-crore Micro Irrigation Fund (MIF) set up under NABARD in 2019-20 to facilitate states in mobilizing resources for expanding coverage of micro-irrigation.
- **India begins anti-dumping probe on certain aluminium imports from China-** India has begun anti dumping probe in the imports of certain flat rolled products of aluminium originating in or exported from China based on a complaint by one of the industry leaders alleging injury to the domestic industry due to the dumped goods.
- **Hon'ble Meghalaya Chief Minister requests Hon'ble Finance Minister Smt Nirmala Sitharaman for more bank branches in state-** Hon'ble Meghalaya Chief Minister met Hon'ble Finance Minister Smt Nirmala Sitharaman in New Delhi and requested her to prioritise the setting up of new bank branches in rural areas to increase the reach of banking system in the state. The hon'ble chief minister accompanied by hon'ble Deputy Chief Minister Shri Prestone Tynsong also submitted a memorandum to Hon'ble Finance Minister Smt Nirmala Sitharama requesting the Government of India to increase Meghalaya's share of central taxes. The Hon'ble Union Finance Minister was also apprised on the overall financial position of Meghalaya.
- **Rural spending overtakes urban; rural growth seen as the only silver lining in mid-term:** Companies are also pinning hopes on the rural bounce back fuelled by higher farm incomes, good monsoons, government stimulus and reduced impact of lockdowns, because macro indicators of overall economic revival in the immediate term remain challenging.
- **India's FY21 GDP estimates cut sharply after Q1 numbers, Goldman predicts deepest 14.8% contraction:** Both Fitch and Goldman Sachs have forecast a sharp bounce-back for India in FY22 but attributed this to the

lower base of the current fiscal year. Fitch's estimate for India was in contrast with its marginally improved projection for the global economy in 2020.

- **India's sugar exports surge 50% to a record level of 5.7 million tonne this month:** The government expects the robust performance to continue in the next season also. The highest sugar export before this was in 2007-08 when India shipped 4.9 million tonnes.
- **More than 42 cr poor get Rs 68,820 cr financial aid under PM Garib Kalyan Yojana:** The swift implementation of the package is being continuously monitored by central and state governments and around 42 crore poor people received financial assistance of Rs 68,820 crore under the PMGKY, the Finance Ministry said in a statement.
- **Government pushes state-run banks to step up loans to street vendors:** Banks in Madhya Pradesh are scrambling to boost lending to street vendors in a bid to bolster numbers ahead of a visit this week by Prime Minister Narendra Modi, according to sources and letters seen by Reuters.
- **Dr Raghuram Rajan raises concerns on India's GDP growth data:** Dr Raghuram Rajan has said that numbers should alarm us all. Terming the 23.9 per cent fall in the economic growth in June quarter alarming, former Reserve Bank Governor Dr Raghuram Rajan also said bureaucracy should come out of complacency and take meaningful action. Emphasising on the importance of government relief or support in the given scenario, he pointed out that it is meagre so far.
- **World economy unlikely to re-attain pre-pandemic output levels before 2022:-** Report With COVID-19 still dominating major developments globally, the world economy is not likely to re-attain pre-pandemic output levels before 2022. According to Dun & Bradstreet Country Risk and the Global Outlook, nothing about the pandemic can be classified as over, despite recoveries in activity levels in some economies in Q3, as evident in PMIs (Purchasing Managers Indices), Google Mobility data and monthly economic data. India's economy suffered its worst slump on record in April-June, with the gross domestic product (GDP) contracting by 23.9 per cent as the coronavirus-related lockdowns weighed on the already-declining consumer demand and investment.
- **Agri-tech cos receive USD 532 million investment till March this year Report:** Agri-tech companies have received an investment of USD 532 million till April this year for growth and tap the market that has the potential to reach USD 24 billion by 2025, according to an EY report. India's burgeoning start-up ecosystem has been actively playing its part in disrupting the agriculture sector. Agri-tech start-ups are operating in an attractive market with an estimated potential of USD 24 billion by 2025, EY said in its report Agri-tech - towards transforming Indian agriculture.
- **GST compensation cess states revenue, Centre cannot borrow against it FinMin sources:** The revenue accruing from GST compensation cess goes to the states and the Centre cannot borrow on the security of the tax which it does not own, Finance Ministry sources said. The Centre and opposition-ruled states are at loggerheads over the financing of the Rs 2.35 lakh crore GST shortfall in the current fiscal. Of this, as per the Centre's calculation, about Rs 97,000 crore is on account of GST implementation and rest Rs 1.38 lakh crore is due to the impact of COVID-19 on states' revenues.
- **Hurdles for small firms may have hit state ranking, but many surprised over big fall :** The problems that medium and small scale industries go through in Karnataka may have dragged down the state's position



from the eighth rank last year to 17th in the latest ranking of states in the business reform action plan (BRAP), sections of stakeholders say.

- **Rice, sugar push up Q1 farm exports by 23%:-** Despite Covid-19 and the lockdown, India saw a 23% increase in export of farm produce from April to June compared to the corresponding period last year, with rice and sugar dominating the charts. Though Basmati rice tops the list of exported farm items in terms of value (Rs 8,591 crore) — accounting for a third of India's agri export in the first quarter of 2020-21, it is an export of non-Basmati rice that contributed the highest rise of Rs 2,392 crore. Overall, India recorded an increase of Rs 4,818 crore of agri export compared to 2019 Q1.
- **Government's plan to conserve resources for a future stimulus-** According to Dr Raghuram Rajan, the recently released quarterly GDP growth numbers for the first quarter of FY2020-21 should alarm everyone. The 23.9% contraction in India (and the numbers will probably be worse when we get estimates of the damage in the informal sector) compares with a drop of 12.4% in Italy and 9.5% in the US, two of the most Covid-affected advanced economies. Yet, India is even worse off than these comparisons suggest. The pandemic is still raging in India. So, discretionary spending, especially on high-contact services like restaurants, and the associated employment, will stay low until the virus is contained. Government-provided relief becomes all the more important. Government's reluctance to do more today seems partly because it wants to conserve resources for a possible future stimulus.
- **Small positive growth may not be ruled out in FY21, says Dr Rangarajan-** According to a paper co-authored by former RBI governor Dr C Rangarajan, a small positive economic growth in 2020-21 may not be ruled out as sectors like agriculture and essential goods and services were fully operational in the first quarter despite coronavirus-induced lockdown. A paper titled 'India's Growth Prospects and Policy Options: Emerging from the Pandemic's Shadow' stated that the story of the Indian economy as it unfolds under the impact of COVID-19 is disquieting. The paper noted that although many national and international agencies have projected a sharp contraction in the GDP in 2020-21, ranging from World Bank's projection of 3.2 per cent to SBI's 6.8 per cent, there are reasons to believe that the outcome may be better than these strong contractionary prospects.
- **Customs to roll out pan-India faceless assessment for all imports by October 31, 2020-** India will roll out nationwide faceless assessment for imports beginning October 31, which will be expanded across all ports by the year end. The move follows pilot projects conducted by the customs department in Chennai and Bengaluru from June, which were extended to Delhi and Mumbai last month. Board has decided to roll out the Faceless Assessment at an all India level in all ports of import and for all imported goods by October 31, 2020, the Central Board of Indirect Taxes and Customs (CBIC) said in a circular.

## Newsletters / Studies

PHD Research Bureau released newsletter on Trade and Investment Facilitation Services (TIFS) Edition August 2020 that provides information on recent developments in India's foreign trade, foreign investments, policy developments, bilateral economic relations, trade agreements, WTO, among others and newsletter on State Development Monitor for the month of August 2020 that provides information on the economic indicators and key developments in the states of India.

[Trade and Investment Facilitation Services \(TIFS\) Newsletter Edition August 2020](#)

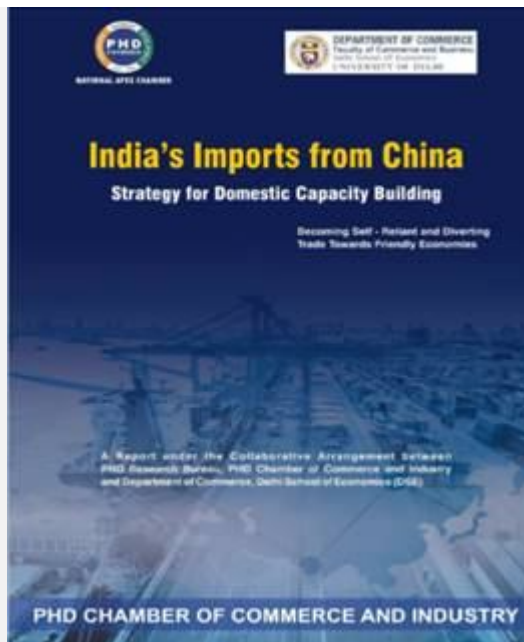


[State Development Monitor for the Month of June 2020](#)



PHD Chamber of Commerce and Industry has also released a joint report on India's Imports from China: Strategy for Domestic Capacity Building in collaboration with Department of Commerce, Delhi School of Economics (DSE).

[India's Imports from China: Strategy for Domestic Capacity Building](#)



## Markets So Far

Indicators	Yearly			Monthly			Daily		
	2017	2018	2019	Jun 20	Jul 20	Aug 20	Sept 16, 20	Sept 17, 20	Sept 18, 20
BSE SENSEX	34057	36068	41253	34915	37606	38628	39302	38979	38845
GOLD (10 GRMS)	28966	30600	34813	47048	49913	53063	51797	51495	51619
CRUDE OIL (1 BBL)	3317	4437	4007.8	2895	3054	3159	2945	3028	2986
EXCHANGE RATE (INR/USD)	65	68	70.4	75.74	75.0*	75.0*	73.52	73.65	73.45

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

Warm Regards,

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