

Weekly News & Economy Wrap – Synopsis of the main developments reported in leading newspapers

FICCI Gujarat State Council

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Key Developments in Various Sectors

Key Central and State Government Notifications related to COVID-19 Lockdown can be downloaded from [FICCI website](#)

<http://ficci.in/sector-notifications.asp?sectorid=130>

Key Developments

Some industries have begun operations in Sanand, Gujarat: Home Ministry

Auto industries in Sanand industrial base in Ahmedabad have started functioning again and are working at 50 per cent capacity, the inter-ministerial central team sent to Ahmedabad has found, a Home Ministry official said. Addressing a press conference here, MHA Joint Secretary Punya Salila Srivastava said two teams were sent to Ahmedabad and Surat in Gujarat. Giving details of their findings, she said the team that has gone to Ahmedabad found that in Sanand industrial base, the pharmaceutical industry is functioning. Auto industrial units in the base have re-started functions and are working at 50 per cent capacity, she said.

<https://m.economictimes.com/news/politics-and-nation/some-industries-have-begun-operations-in-sanand-gujarat-home-ministry/articleshow/75428797.cms>

There is no community transmission in Gujarat: Vijay Rupani

Gujarat has seen a sudden increase in Covid-19 cases because of a couple of reasons but there is no community transmission, Chief Minister Vijay Rupani tells ET in an interview conducted over telephone and email. Edited excerpts:

Gujarat now has the second highest number of positive cases in the country. How did this sudden increase come about?

We started tracking possible cases from March 1 itself. We identified 30,000 people with international travel history and contacted their friends and families. By the time we traced those who had entered Gujarat after attending the Tablighi Jamaat event in Delhi, they had already come in contact with others. This led to a sudden spike in the numbers. Most of them came to Ahmedabad. In fact, majority of the cases from Ahmedabad are from residential areas of the people who attended that event. Our testing capacity has also been increased manifold. Our health workers are going door-to-door to test people in the hotspots. This also added to the rise in numbers.

<https://m.economictimes.com/opinion/interviews/there-is-no-community-transmission-in-gujarat-vijay-rupani/articleshow/75383233.cms>

Gujarat to ramp up Covid-19 testing capacity to 6,000 a day As the number of Covid-19 cases in Gujarat increases, the state government plans to greatly ramp up its daily testing capacity over the next two or three weeks At present, the state government has a maximum

testing capacity of 3700 per day As the pandemic situation worsens, the government is focusing on increasing testing capacity. A key source in the government said the testing capacity at all government colleges where Covid-19 tests are being conducted will be increased over the next fortnight or so.

<https://m.timesofindia.com/city/vadodara/gujarat-to-ramp-up-covid-19-testing-capacity-to-6000-a-day/articleshow/75462994.cms>

No cut in states' tax share till January

Notwithstanding a massive tax revenue shortfall it is faced with, the Centre is learnt to have decided to stick to the practice of keeping the mandatory transfers to the states from the divisible pool at the same rate as budgeted for FY21, till the 10th instalment due in January 2021. Though monthly tax transfers to states vary, the convention is that roughly 70% of the budgeted full-year transfers take place by January. The decision to adhere to this trend would give a huge boost to the states' ability to meet the increased expenditure requirements due to Covid-19 pandemic, without excessive front-loading of borrowings or resorting to other forms of costly fundraising.

<https://www.financialexpress.com/economy/big-boost-no-cut-in-states-tax-share-till-january/1941927/>

Govt may end lockdown with a gift of economic package 2.0; relief for MSME underway, hints CEA

Economic relief package 2.0 is under planning and can be out as soon as the lockdown ends. The package is being prepared with keeping in mind the grim situation faced by the country's MSME sector, Chief Economic Advisor Krishnamurthy Subramanian said today. The new package would provide significant liquidity to the MSMEs to take care of their cash needs, CEA Subramanian said in an interview with CNN-News18. He added that the government is using this time under lockdown to come out with a well-considered economic package without any hurry. The country is under lockdown since the last week of March and is expected to end on May 3.

As more than 60 per cent economic activities are completely shut down, the fear of survival has engulfed many businesses and industries. To provide some cushion amid this time of distress, the Reserve Bank of India and the Finance Ministry, both have come up with relief measures. The RBI announced steps such as cut in repo rate, TLTRO 2.0, and support for realty and NBFC sectors, the centre announced an economic relief package.

<https://www.financialexpress.com/economy/govt-may-end-lockdown-with-a-gift-of-economic-package-2-0-relief-for-msme-underway-hints-cea/1943451/>

Govt may extend 'Vivad se Vishwaas' tax settlement deadline to September

The deadline for the government's ambitious direct tax settlement scheme, Vivad se Vishwaas, is likely to be extended by three months till September 30. The revenue department, which is heavily relying on the scheme, has not seen a single deposit, owing to the outbreak of the Covid-19 pandemic, according to people in the know. "The Centre wants to provide enough opportunities to taxpayers to make use of this one-time chance to settle disputes. But companies at this point are witnessing negative growth and significant reduction in cash flows due to the lockdown, which may not allow them to function fully at least till the end of the first quarter," said one source. According to him, the bulk of the tax receipts expected out of the scheme may not happen due to the grim situation in the economy and extending the deadline may give companies some more time to take a call.

Also, by then, both public sector and private sector offices may open and management would be able to take more informed decision.

https://www.business-standard.com/article/economy-policy/govt-may-extend-vivad-se-vishwaas-tax-settlement-deadline-to-september-120043001322_1.html

Economy

'Monsoon to be normal, but June-July may see less rains'

India is forecast to get an overall 'normal' monsoon rainfall this year, but an initial month-wise prediction suggests 'below normal' rainfall during June, long dry spells in July and the rains then making up with 'excess rainfall' during August and September — almost similar to last year's pattern, says an internal assessment note available with the government. Though the India Meteorological Department's (IMD) forecast for spatial and month-wise distribution of monsoon is still a month away, the note shows that coastal region of Odisha, West Bengal and Mizoram may get 'below normal' rainfall while southern part of Tamil Nadu and Kerala are expected to receive 'above normal rainfall'.

<https://economictimes.indiatimes.com/news/economy/indicators/monsoon-to-be-normal-but-june-july-may-see-less-rains/articleshow/75442646.cms>

Eight core industries' output shrinks 6.5% in March amid Covid-19 lockdown

The output of eight core infrastructure industries shrank by 6.5 per cent in March due to fall in production of crude oil, natural gas, refinery products, fertiliser, steel, cement and electricity amid the coronavirus lockdown. The eight core sectors had expanded by 5.8 per cent in March 2019. Production of crude oil, natural gas, refinery products, fertiliser, steel, cement and electricity contracted by 5.5 per cent, 15.2 per cent, 0.5 per cent, 11.9 per cent, 13 per cent, 24.7 per cent and 7.2 per cent respectively in the month under review, official data showed. The growth rate of coal production declined to 4.1 per cent in March from 9.1 per cent in March 2019.

https://www.business-standard.com/article/economy-policy/eight-core-industries-output-shrinks-6-5-in-march-amid-covid-19-lockdown-120043001264_1.html

Unemployment rate improves to 21.1% from last week's 26%

India's unemployment rate improved to 21.1% in the week ended April 26 from 26.2% in the preceding week, according to data released by the Centre for Monitoring Indian Economy (CMIE) on Tuesday. Labour participation in the country fell to 35.4% in the week ended April 26 compared to 42.6% in the week ended March 22, just before the national lockdown, suggesting 72 million people quit the labour markets during the lockdown.

<https://economictimes.indiatimes.com/news/economy/indicators/unemployment-rate-improves-to-21-1-from-last-weeks-26/articleshow/75437330.cms>