



December 28, 2020 – Monday

Key Developments

'Dividend payout norms for NBFCs should come into effect from FY22': FIDC

The Finance Industry Development Council (FIDC), an industry body of asset and loan financing NBFCs has written to the Reserve Bank of India (RBI) seeking implementation of the proposed guidelines for dividend distribution by NBFCs with effect from April 1, 2021.

As per the draft circular released by the RBI, the guidelines would be applicable for dividend to be declared for the current financial year beginning April 1, 2020. In a letter to the RBI, the industry body said: "The Draft Circular is proposed to take effect from the financial year beginning April 1, 2020 which would in effect impact the declaration of dividend for the current financial year as well in which interim dividend may already have been declared - this will be akin to giving retrospective effect to the guidelines and hence the request should be for the guidelines to take effect only from April 1, 2021, i.e. for dividend from financial year 2021-2022 onwards."

https://www.business-standard.com/article/finance/dividend-payout-norms-for-nbfc-should-come-into-effect-from-fy22-fidc-120122700499_1.html

Dec 29 talks will only work if done from farmers' perspective: Agri MoS

Minister of State (MoS) Agriculture Kailash Choudhary has said that talks scheduled on December 29 will resolve issues if they are conducted from farmers' perspective, and not from the perspective of politicians who are politicising the issue.

Speaking to ANI, when asked about farmers' protest, Choudhary said, "Problems can only be resolved by talking. I firmly believe talks scheduled on December 29 will resolve issues if they are conducted from farmers' perspective, not from perspective of politicians who are politicising the issue." "The politicians are using farmers to further their own agenda. There are leftist elements and Congress who are trying to put hurdles on the resolution of the issue," he said.

https://www.business-standard.com/article/news-ani/talks-on-december-29-will-resolve-issues-only-if-done-with-farmers-perspective-without-politicising-mos-agriculture-120122700535_1.html

Government extends validity of driving licence and vehicle documents till March 2021

The union transport ministry on Sunday extended the validity of motor vehicle documents like driving licence (DL), registration certificate (RC) and permits till March 31, 2021, in view of the ongoing COVID-19 pandemic. The Ministry of Road Transport and Highways (MoRTH) had earlier issued advisories dated March 30, 2020, June 9, 2020 and August 24, 2020 in connection with extension of validity of documents related to Motor Vehicles Act, 1988 and Central Motor Vehicle Rules, 1989. "The Union Ministry of Road Transport and Highways has extended the validity of vehicular documents related to Motor Vehicles Act, 1988 and Central Motor Vehicle Rules, 1989.

https://economictimes.indiatimes.com/news/politics-and-nation/government-extends-validity-of-dl-vehicle-documents-till-march-2021/articleshow/79976698.cms?utm_source=ETTopNews&utm_medium=HPTN&utm_campaign=AL1&utm_content=23

Economy

FinMin backs new GST rule, says it's not for MSMEs, certain I-T payers

The Finance ministry today defended the recent move of asking companies above a threshold to pay at least one per cent tax liability through cash under the goods and services tax system, on the grounds that it will impact only risky or fly-by-night operators. Earlier a section of traders cried foul over the new rule, saying it would apply to just 40,000-45,000 taxpayers, representing 0.37 per cent of the total GST base. Last week, the Central Board of Indirect Taxes and Customs (CBIC) had inserted a rule under the Central GST Act that businesses with monthly turnover of over Rs 50 lakh will have to mandatorily pay at least one per cent of their GST liability in cash. The rule will become effective on January 1. Reacting to the rule, trader body CAIT wrote to finance minister Nirmala Sitharaman to defer its implementation.

https://www.business-standard.com/article/economy-policy/finmin-backs-new-gst-rule-says-it-s-not-for-msmes-certain-i-t-payers-120122700511_1.html

No going back on privatisation of BPCL, Air India

COVID-19 carnage may have slightly pushed back timelines but there is certainly no going back on privatisation of bluechip public sector undertakings like BPCL and Air India as the government feels it has no business to be in business. The spadework started late last year and 2020 was supposed to be the landmark year in India's history of privatisation with at least three top PSUs — the nation's second-biggest fuel retailer Bharat Petroleum Corporation Ltd (BPCL), national carrier Air India and Shipping Corporation of India (SCI) up for sale. But the outbreak of the coronavirus pandemic pushed the timelines into the next fiscal but the government is firm on not going back on its disinvestment plans with Finance Minister Nirmala Sitharaman on more than one occasion emphatically stating that the government will continue to push for stake sales.

<https://www.financialexpress.com/industry/no-going-back-on-privatisation-of-bpcl-air-india/2158309/>

2020 The Year That Was: Creating jobs will be the hardest task in 2021

The biggest economic challenge of the government next year is reviving the job market after it was hollowed out by the Covid-19 pandemic. The government's survey of the labour market in the cities conducted from January-March 2020 and April-June 2020 is due for release, but has not yet been made public. In the absence of this data, the Centre for Monitoring the Indian Economy's (CMIE's) Consumer Pyramids Household Survey offers the most comprehensive insights into the labour market.

https://www.business-standard.com/article/economy-policy/the-year-that-was-employment-generation-will-be-the-toughest-job-in-2021-120122700527_1.html

Over 41.5 million ITRs for fiscal 2019-20 filed till December 26

Over 4.15 crore taxpayers have already filed their income tax returns (ITR) for assessment year 2020-21 (FY2019-20) till December 26, the Income Tax Department said on Sunday. As the deadline to file ITR by individuals nears, the tax department also urged people to file their ITR for assessment year (AY) 2020-21 early to avoid last minute rush.

"More than 4.15 crore Income Tax Returns for AY 2020-21 have already been filed till 26th of December, 2020. Hope you have filed yours too!," the department tweeted. This includes over 2.34 crore taxpayers filing ITR-1, over 89.89 lakh filing ITR-4, over 49.72 lakh ITR-3 and over 30.36 lakh filing ITR-2.

https://www.business-standard.com/article/pti-stories/over-4-15-cr-itrs-for-fiscal-2019-20-filed-till-dec-26-120122700561_1.html

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, with episodic divergences driven by different components - food, fuel or ex-food and fuel - which do not persist long," it said. Empirical estimates, it said, revealed that the differentials between rural and urban inflation are transient and both exhibit a long-run equilibrium relationship, with a significant error correction in the short-run.

<https://economictimes.indiatimes.com/news/economy/indicators/divergences-in-rural-urban-inflation-do-not-persist-for-long-rbi-paper/articleshow/79975221.cms>

Banking and Finance

2021: Banks brace for pandemic-hit corporates' bad loan woes, muted credit growth

Tackling non-performing assets will be a major challenge for the banking sector in the new year as many companies, especially in the MSME sector, may not be able to withstand the heat of the coronavirus pandemic which led to a historic contraction of the economy in the first half of the current fiscal.

Besides, muted private investment impacting the corporate loan growth will be another challenge that banks will have to face in the coming months. Despite ample liquidity in the system, demand from the corporate sector is very low and bankers hope that faster than anticipated recovery could bring in the animal spirit as far as India Inc is concerned. Although the Indian economy witnessed a sharp recovery from 23.9 per cent contraction in first quarter to 7.5 per cent contraction in the second quarter, it is yet to lift the sentiment of India Inc. For the past few years, private investment has been low while public spending has been doing the heavy lifting for the economy.

<https://www.financialexpress.com/industry/banking-finance/2021-banks-brace-for-pandemic-hit-corporates-bad-loan-woes-muted-credit-growth/2158291/>

Govt shells out Rs 22,087 cr as interest towards recap bonds for banks

The government has spent Rs 22,086.54 crore as interest payment towards the recapitalisation bonds for the public sector banks (PSB) in the last two financial years. During 2018-19, the government paid Rs 5,800.55 crore as interest on such bonds issued to public sector banks for pumping in capital so that they could meet the regulatory norms under the Basel-III guidelines. In the subsequent year, according to official document, the interest payment by the government surged three times to Rs 16,285.99 crore to PSBs as they have been holding these papers. The concept of recapitalisation bonds was first introduced in 2017. Prior to this, the capital infusion was done by the government to a bank through cash outgo from the Consolidated Fund of India resulting in fiscal burden. To ease fiscal pressure, the government in October 2017 devised an innovative way called recapitalisation bonds.

https://www.business-standard.com/article/economy-policy/govt-shells-out-rs-22-087-cr-as-interest-towards-recap-bonds-for-banks-120122700128_1.html

PNB puts 3 stressed accounts up for sale

State-run Punjab National Bank (PNB) has put up for sale three stressed accounts, including Birsa Institute of Technology (Trust), with total outstanding dues of nearly Rs 34.50 crore. "We intend to place three accounts for sale to ARCs/NBFCs/other banks/FIs etc, on the terms and conditions stipulated in the bank's policy, in line with the regulatory guidelines," PNB said in an auction notice. The three accounts are Mangalam Oil Industries with outstanding dues of Rs 10.77 crore, Alliance Fibres Ltd (Rs 18.31 crore) and Birsa Institute of Technology (Trust) (Rs 5.41 crore).

<https://economictimes.indiatimes.com/industry/banking/finance/banking/pnb-puts-3-stressed-accounts-up-for-sale/articleshow/79975243.cms>

PE investment in real estate to drop 31% to \$4.6 bn in 2020; \$6 bn next yr

Private equity (PE) investment in real estate is estimated to fall 31 per cent year-on-year during 2020 to USD 4.6 billion due to an adverse impact of the COVID-19 on economic growth, according to property consultant Savills. In its 'Beyond The'20: Private Equity in India Real Estate', Savills India expects the PE inflow to bounce back and grow by 30 per cent in the next year to USD 6 billion.

"Savills Research anticipates private equity investments in real estate in 2020 to witness a significant contraction of about 30% as compared to 2019 at about USD 4.6 billion," the report said. "Likely investment of USD 6 billion in 2021, a 30 per cent Y-o-Y growth," it added. During the last one decade, Savills said the real estate investments have followed an overall segmental pattern in the last decade - residential in the early phase, commercial and warehousing in the middle and alternate segments lately.

https://www.business-standard.com/article/economy-policy/pe-investment-in-real-estate-to-drop-31-to-4-6-bn-in-2020-6-bn-next-yr-120122700327_1.html

Industry

India to play vital role in equitable distribution of COVID-19 vaccines around the world: Pharma industry

With vaccine rollout beginning in some countries, the world ravaged by the COVID-19 pandemic is looking to India for the large-scale production and supply of coronavirus vaccines as it enters 2021.

As the pandemic hit the world in 2020, Indian pharma industry rose to the occasion and was able to manufacture and maintain supply chains even during the lockout period, and exported medicines such as HCQ and paracetamol to more than 150 countries, keeping its image of 'Reliable Pharmacy of the World'. The world is again looking at India as a beacon of hope to manufacture and supply the huge number of vaccines needed to tackle the pandemic. "India contributes 60 per cent of the vaccine production to the world. India is going to play a vital role in equitable distribution of vaccines around the world," Indian Pharmaceutical Alliance (IPA) Secretary General Sudarshan Jain told PTI.

<https://www.financialexpress.com/industry/india-to-play-vital-role-in-equitable-distribution-of-covid-19-vaccines-around-the-world-pharma-industry/2158322/>

About 40% small businesses say it's impossible to file tax returns by month end, want extension: LocalCircles

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 LocalCircles 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.

https://economictimes.indiatimes.com/news/economy/finance/about-40-small-businesses-say-its-impossible-to-file-tax-returns-by-month-end-want-extension-localcircles/articleshow/79977398.cms?utm_source=ETopNews&utm_medium=HPTN&utm_campaign=AL1&utm_content=23

Traders urge Finance minister, GST council to modify new GST notification

Trading community on Sunday urged 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 collection, urged for certain changes in the recently issued GST notification.

"Scrap Rules 86B and 36(4), to be effective from 1st January 2021. These provisions are against the fundamental spirit of GST as it obstructs seamless input tax credit," association general secretary V K Bansal said.

<https://www.financialexpress.com/economy/traders-urge-finance-minister-gst-council-to-modify-new-gst-notification/2158458/>

Mobile phone makers likely to miss production target under PLI scheme, seek adjustment of incentives

Mobile phone manufacturers, including Samsung and Apple's vendors, are likely to miss the production target of the current financial year under the production linked incentive (PLI) scheme and have approached the government to roll over timelines of the scheme. The government in October had cleared 16 proposals from domestic and international companies entailing investment of Rs 11,000 crore under the PLI scheme to manufacture mobile phones worth Rs 10.5 lakh crore over the next five years. The companies include iPhone maker Apple's contract manufacturers Foxconn Hon Hai, Wistron and Pegatron, apart from Samsung and Rising Star. Mobile devices industry body ICEA, whose members include Apple, Foxconn, Wistron, Lava etc, wrote to Electronics and IT Secretary Ajay Prakash Sawhney on December 24 that there will be a shortfall in targets under the PLI scheme due to shortage of chips coupled with supply constraints posed by the COVID-19 pandemic.

<https://www.financialexpress.com/industry/mobile-phone-makers-likely-to-miss-production-target-under-pli-scheme-seek-adjustment-of-incentives/2158339/>

'Contactless, conversational commerce turning into pot of gold at the end of the rainbow for retail'

The retail industry contributes 10 per cent of our GDP and India is one of the top 5 retail markets in the world powered by our 1.3 billion population. The pandemic saw the organized retail sector, which is nearly 15 per cent of the retail sector, incur losses of about INR 19 lakh crore. Retailers resorted to major cost-cutting in infrastructure

and staff which added to the challenge of keeping the store afloat. Premium brands were the worst-hit and even, the traditionally resilient Food & Grocery retailers are facing critical challenges.

The severity of the pandemic impact forced the retail sector to rapidly innovate to pull-up shoppers and shopping spends. The retail industry has traditionally depended on 'Walk-in' Customers. The post-pandemic walk-in numbers had dropped to as low as 50 daily from more than 100 daily (as per a survey by Feedback Advisory), and people needed to be engaged and encouraged at their homes.

<https://www.financialexpress.com/industry/contactless-conversational-commerce-turning-into-pot-of-gold-at-the-end-of-the-rainbow-for-retail/2158419/>

Indo-China border tension: PPP cargo terminal operators jittery over ordering Chinese cranes

Public private partnership (PPP) projects for cargo terminals, particularly those handling containers, at Centre-owned major port trusts are in a dilemma over ordering Chinese cranes for their facilities after the government placed restrictions in July on vendors and service providers in China for public procurement tenders. The decision aimed at strengthening defence and national security after skirmishes with China along the border is applicable to autonomous bodies, central public sector enterprises and PPP projects receiving financial support from the government or its undertakings. PPP operators have taken the stand, backed by legal advice, that they are exempt from the new rule. Yet, they are jittery recalling instances where Chinese cranes were denied security clearances at some major ports even before the new rules were imposed.

<https://www.thehindubusinessline.com/economy/logistics/ppp-cargo-terminal-operators-jittery-over-ordering-chinese-cranes/article33430633.ece?homepage=true>

India's crude steel output grows 3.5 percent to over 9 million tonne in November

India registered a growth of 3.5 per cent in crude steel production at 9.245 million tonne (MT) in November, according to World Steel Association. The country had produced 8.933 MT crude steel during the same month last year, the global industry body said in its latest report. "Crude steel production for the 64 countries reporting to the World Steel Association (worldsteel) was 158.261 MT in November 2020, a 6.6 per cent increase compared to 148.417 MT in November 2019. "Due to the ongoing difficulties presented by the COVID-19 pandemic, many of this month's figures are estimates that may be revised with next month's production update," worldsteel said. According to the worldsteel data, China registered 8 per cent year-on-year growth in steel output at 87.660 MT during November 2020, compared to 81.191 MT in the same period last year.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/steel/indias-crude-steel-output-grows-3-5-percent-to-over-9-million-tonne-in-november/articleshow/79976093.cms>

Prices of TV and appliances likely to go up by around 10% from January

Prices for LED TV and appliances such as refrigerator, washing machines are expected to go up by around 10 per cent from January next year on account of rise in costs of key input materials like copper, aluminium and steel and increase in ocean and air freights charges. Besides, prices of TV panels (Opencell) have also gone up by over two-folds due to short supply by the global vendors, while cost of plastic has also gone up due to rise in crude oil prices, said manufacturers. Terming it as imminent and unavoidable, manufacturers such as LG, Panasonic and Thomson are going to increase the prices from January, however, Sony is still reviewing the situation and is yet to take a call on this.

<https://economictimes.indiatimes.com/industry/cons-products/durables/prices-of-tv-and-appliances-likely-to-go-up-by-around-10-from-january/articleshow/79975973.cms>

Beverages market return to pre-covid growth

Opening up of restaurants and higher at-home consumption has seen India's packaged beverage market, among the worst performing segments during the multiple lockdowns, burst to its pre-Covid level growth. Beverages sales jumped 26% in September on the back of increased stocking at kiranas as they anticipated higher demand due to October heat.

<https://economictimes.indiatimes.com/industry/cons-products/food/beverages-market-return-to-pre-covid-growth/articleshow/79978399.cms>

Infrastructure

PM Modi to inaugurate 'New Bhaupur-New Khurja' section of Eastern Dedicated Freight Corridor on Tuesday

Prime Minister Narendra Modi will inaugurate the 'New Bhaupur-New Khurja' section of the Eastern Dedicated Freight Corridor on December 29 via video conferencing. The Prime Minister's Office (PMO) said he will also inaugurate the EDFC's operation control centre at Prayagraj during the event. The 351-km 'New Bhaupur-New Khurja section' of the EDFC is situated in Uttar Pradesh and has been built at a cost of Rs 5,750 crore, it said. The section will open new vistas of opportunity for local industries such as aluminium industry in Pukhrayan region of Kanpur Dehat, dairy sector of Auraiya, textile production and block printing of Etawah, glassware industry of Firozabad, pottery products of Khurja, asafoetida or 'hing' production of Hathras, and locks and hardware of Aligarh district, it added.

<https://economictimes.indiatimes.com/industry/transportation/railways/pm-modi-to-inaugurate-new-bhaupur-new-khurja-section-of-eastern-dedicated-freight-corridor-on-tuesday/articleshow/79978406.cms>

Delhi Metro to enter league of driverless train operators

About 37 km of Delhi Metro to be operated driverless from Monday, another 57 km will be driverless from mid-2021, informed a DMRC statement. With the commencement of driverless trains on the Delhi Metro's Magenta Line, DMRC will enter the elite league of seven percent of world's Metro networks which can operate without drivers, said a Delhi Metro Rail Corporation statement. On Monday, Prime Minister Narendra Modi is going to inaugurate India's first ever driverless train operations on the Delhi Metro's Magenta Line (Janakpuri West – Botanical Garden) as well as the fully operational National Common Mobility Card (NCMC) services on the Airport Express Line via video conferencing.

<https://www.thehindubusinessline.com/economy/logistics/delhi-metro-to-enter-league-of-driverless-train-operators/article33430732.ece>

Telecom

Competition Commission to release study on telecom sector shortly

The Competition Commission will shortly release its study on the telecom sector and one of the key trends that has emerged is the vertical integration between telcos and digital solution providers, including OTTs and e-commerce platforms.

As the Competition Commission of India (CCI) continues to step up its vigil to curb possible unfair business practices, the regulator's Chairperson Ashok Kumar Gupta opined that for the digital space, enforcement has to be complemented with non-enforcement tools such as market studies. Currently, the watchdog is studying mergers and acquisitions in the digital market, including those deals that might have escaped its scrutiny due to lower thresholds, and pharmaceutical sector.

https://www.business-standard.com/article/economy-policy/competition-commission-to-release-study-on-telecom-sector-shortly-120122700471_1.html

Reasonable spectrum pricing, forward movement on 5G among priorities for 2021: BIF

Industry body BIF has said reasonable reserve prices for spectrum allocated via auctions, rapid proliferation of public Wi-Fi hotspots through WANI framework and forward movement on 5G without any delay are sector issues that need to be prioritised for 2021. Further, rationalisation of high duties and levies will ensure viability of telecom operators and sustainability of services. These key issues along with finalisation of Spacecom and Satcom policies, need to be placed high on policy agenda for the coming year, Broadband India Forum (BIF) President T V Ramachandran said. "Widespread and affordable services, including upcoming 5G, is a fundamental requirement...rational and reasonable spectrum reserve prices in auctions will, therefore, be important," Ramachandran said. Earlier this month, the government approved a proposal for the auction of 2,251.25 megahertz of spectrum worth Rs 3.92 lakh crore at the base price. The ensuing spectrum auctions, slated to be held by March, will not include bands that support 5G services though; as such no clear timelines have been drawn-up for 5G rollout, yet.

<https://www.financialexpress.com/industry/reasonable-spectrum-pricing-forward-movement-on-5g-among-priorities-for-2021-bif/2158255/>

States

Covid-19 virus has undergone mutations in Kerala, says HM Shailaja

Kerala's Health Minister KK Shailaja has said that the novel coronavirus has gone through mutations in the State, Mathrubhumi News reported. Shailaja revealed that the research studies carried out in the State found mutations in the virus. However, whether these mutations are associated with Britain's new strain or not is yet to be ascertained.

<https://www.thehindubusinessline.com/news/national/covid-19-virus-has-undergone-mutations-in-kerala-says-hm-shailaja/article33429274.ece?homepage=true>

Healthcare

Hyderabad set to emerge as global hub for Covid-19 vaccine in 2021

As the world is set to brace for a new year amid the Covid-19 pandemic, the city is poised to emerge as a 'saviour' from the killer virus, with as many as five vaccine manufacturing firms based here racing to bring out an antidote. The vaccine development process by Bharat Biotech, Biological E Ltd and Aurobindo Pharma are currently in various stages, while Dr Reddy's and Hetero have tie ups for manufacturing the vaccine. Some of these companies have also drawn up plans to scale up their vaccine manufacturing capacities. Besides vaccine makers, the International Airport here has also stepped up the cold-chain infrastructure for vaccine transportation. GMR Hyderabad Air Cargo (GHAC) is in talks with various stakeholders towards meeting specific requirements of export and import of Covid-19 vaccines.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals/hyderabad-set-to-emerge-as-global-hub-for-covid-19-vaccine-in-2021/articleshow/79975904.cms>

External

India-Taiwan trade prospects look promising in 2021: TAITRA

The prospects for India-Taiwan bilateral trade, which was hit hard this year due to disruptions caused by the COVID-19 pandemic, look promising in 2021, according to the Taiwan External Trade Development Council (TAITRA). The overall restructuring of supply chains will give India a very unique place and attract many Taiwanese companies to invest in the country, TAITRA chairman James CF Huang said. "Given the current context of the US-China trade war and disruption of the pandemic through global supply chains, we have to take into consideration not just cost but also the resilience of supply chains, national security as well as health of the people," Huang told PTI.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-taiwan-trade-prospects-look-promising-in-2021-taitra/articleshow/79975470.cms>