ASSOCHAM NEWS & VIEWS

WEEKLY

Highlights

⇒ Resolution of the Monetary Policy Committee (MPC) April 5-7, 2021

⇒ India hosts first meeting of BRICS Finance Ministers and Central Bank Governors April 6, 2021

⇒ Copyright (Amendment) Rules, 2021 notified
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FIRST TIME EVER IN A MONTH, INDIAN EXPORTS CROSSED US$ 34 BILLION IN MARCH 2021

India’s merchandise exports in March 2021 were USD 34.0 billion as compared to USD 21.49 billion in March 2020, an increase of 58.23%. Exports during April-March2020-21 were USD 290.18 billion, as compared to USD 313.36 billion during the same period of last year, exhibiting a negative growth of 7.40%.

India’s merchandise imports in March 2021 were USD 48.12 billion as compared to USD 31.47 billion in March 2020, an increase of 52.89%. Merchandise imports during April-March 2020-21 were USD 388.92 billion, as compared to USD 474.71 billion during the same period of last year, exhibiting a negative growth of 18.07%.

India is thus a net importer in March 2021, with a trade deficit of USD 14.11 billion, as compared to trade deficit of USD 9.98 billion, improvement by 41.4%.

In March 2021, the value of non-petroleum exports was USD 30.79 billion as compared to USD 18.97 billion in March 2020, registering a positive growth of 62.3%. The value of non-petroleum and non-gems and jewellery exports in March 2021 was USD 27.25 billion, as compared to USD 16.95 billion in March 2020, registering a positive growth of 60.72%. The cumulative value of non-petroleum and non-gems and jewellery exports in April-March 2020-21 was USD 238.54 billion, as compared to USD 236.17 billion for the corresponding period in 2019-20, exhibiting a growth of 1.0%.

In March 2021, Oil imports were USD 10.17 billion, as compared to USD 10.05 billion in March 2020, a growth of 1.22%. Oil imports in April-March 2020-21 were USD 82.25 billion, as compared to USD 130.55 billion, showing a decline of 37.0%.

Non-oil imports in March 2021 are estimated at USD 37.95 billion, as compared to USD 21.42 billion in March 2020, showing an increase of 77.12%. Non-oil imports in April-March 2020-21 were USD 306.67 billion, as compared to USD 344.16 billion, registering a decline of 10.89% during the same period of the last year.

Non-oil, non-GJ (gold, silver & Precious metals) imports were USD 27.01 billion in March 2021, recording a positive growth of 44.45%, as compared to non-oil and non-GJ imports of USD 18.70 billion in March 2020. Non-oil and non-GJ imports were USD 252.50 billion in April-March 2020-21, recording a negative growth of 13.15%, as compared to non-oil and non-GJ imports of USD 290.74 billion in April-March 2019-20.

Major commodities of export which have recorded positive growth during March 2021 vis-à-vis March 2020 are: Other cereals (323.65%), Oil meals (228.40%), Iron ore (194.98%), Jute mfg. Including floor covering (105.19%), Carpet (89.86%), Electronic Goods (88.69%), Gems and Jewellery (75.57%), Engineering goods (70.28%), Cereal preparations and miscellaneous processed item (67.08%), Rice (65.23%), Spices (59.04%), Cotton yarn/fabrics/made-ups, handloom products etc. (55.43%), Meat, dairy and poultry products (52.84%), Ceramic products and glassware (52.57%), Drugs and pharmaceuticals (47.37%), Organic and Inorganic Chemicals (45.18%), Plastic and linoleum (45.12%), Handicrafts excl. Hand-made carpet (42.59%), Marine products (40.80%), Man-made yarn/fabrics/made-ups etc. (30.69%), Mica, coal and other ores, minerals including process
(30.29%), Petroleum products (27.49%), RMG of All Textiles (27.35%), Coffee (23.31%), Fruits and vegetables (22.98%), Leather and leather manufactures (18.27%), Tobacco (15.5%), and Tea (7.73%).

Remaining two commodities of which export have recorded negative growth during March 2021 vis-à-vis March 2020 are Oil Seeds (-6.6%), and Cashew (-1.95%).

Major commodity groups of import showing positive growth in March 2021 over the corresponding month of last year are: Gold (584.21%), Sulphur & Unroasted Iron Pyrites (464.22%), Dyeing/tanning/colouring materials (106.87%), Textile yarn Fabric, made-up articles (92.11%), Chemical material & products (82.62%), Artificial resins, plastic materials, etc. (81.66%), Pearls, precious & Semi-precious stones (80.25%), Electronic goods (76.66%), Metaliferrous ores & other minerals (72.03%), Non-ferrous metals (71.32%), Wood & Wood products (70.43%), Professional instrument, Optical goods, etc. (61.66%), Machinery, electrical & non-electrical (59.92%), Vegetable Oil (58.02%), Iron & Steel (55.28%), Organic & Inorganic Chemicals (55.07%), Medcnl. & Pharmaceutical products (52.32%), Machine tools (43.12%), Leather & leather products (33.52%), Pulp and Waste paper (32.78%), Fruits & vegetables (22.29%), Coal, Coke & Briquettes, etc. (7.22%), Cotton Raw & Waste (3.79%), Petroleum, Crude & products (1.22%).

Major commodity groups of import showing negative growth in March 2021 over the corresponding month of last year are: Silver (-90.22%), Newsprint (-50.66%), Transport equipment (-32.73%), Project Goods (-32.56%), and Pulses (-13.38%), and Fertilizers, Crude & manufactured (-5.57%).

**MERCHANDISE TRADE: Preliminary Data, March 2021**

**Summary Value in USD Billion**

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Non-Petroleum</th>
<th>Non-Petroleum and Non-Gems &amp;Jewellery</th>
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<tr>
<td></td>
<td>2019-20</td>
<td>2020-21</td>
<td>% change</td>
</tr>
<tr>
<td>Exports</td>
<td>21.49</td>
<td>34.00</td>
<td>58.23</td>
</tr>
<tr>
<td>Imports</td>
<td>31.47</td>
<td>48.12</td>
<td>52.89</td>
</tr>
<tr>
<td>Deficit</td>
<td>-9.98</td>
<td>-14.11</td>
<td>41.40</td>
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## Change by top Commodity Groups

**Value in USD Million**

<table>
<thead>
<tr>
<th>Commodity group</th>
<th>Change in March 2021 as compared to March 2020</th>
<th>Top Decline in March 2021 as compared to March 2020</th>
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<tbody>
<tr>
<td><strong>Export</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ENGINEERING GOODS</td>
<td>3819.97 70.28%</td>
<td>OIL SEEDS  -7.60  -6.60%</td>
</tr>
<tr>
<td>GEMS AND JEWELLERY</td>
<td>1525.94 75.57%</td>
<td>CASHEW  -0.80  -1.95%</td>
</tr>
<tr>
<td>DRUGS AND PHARMACEUTICALS</td>
<td>732.28 47.37%</td>
<td></td>
</tr>
<tr>
<td><strong>Import</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GOLD</td>
<td>7173.48 584.21%</td>
<td>TRANSPORT EQUIPMENT  -840.53  -32.73%</td>
</tr>
<tr>
<td>ELECTRONIC GOODS</td>
<td>2538.99 76.66%</td>
<td>SILVER  -87.69  -90.22%</td>
</tr>
<tr>
<td>MACHINERY, ELECTRICAL &amp; NON-ELECTRICAL</td>
<td>1314.53 59.92%</td>
<td>PROJECT GOODS  -31.92  -32.56%</td>
</tr>
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MINISTRY OF COMMERCE & INDUSTRY

Government measures increase FDI inflows in the country

The Measures taken by the Government on the fronts of FDI policy reforms, investment facilitation and ease of doing business have resulted in increased FDI inflows into the country as India has attracted total FDI inflow of US$ 72.12 billion during April to January, 2021. It is the highest ever for the first ten months of a financial year and 15% higher as compared to the first ten months of 2019-20 (US$ 62.72 billion).

The trends show that the FDI equity inflow grew by 28% in the first ten months of F.Y. 2020-21 (US$ 54.18 billion) compared to the year ago period (US$ 42.34 billion). In terms of top investor countries, ‘Singapore’ is at the apex with 30.28% of the total FDI Equity inflow followed by U.S.A (24.28%) and UAE (7.31%) for the first ten months of the current financial year 2020-21.

Japan has been leading the list of investor countries to invest in India with 29.09% of the total FDI Equity inflows during January, 2021, followed by Singapore (25.46%) and the U.S.A. (12.06%).

The Computer Software & Hardware has emerged as the top sector during the first ten months of F.Y. 2020-21 with 45.81% of the total FDI Equity inflow followed by Construction (Infrastructure) Activities (13.37%) and Services Sector (7.80%) respectively.

As per the trends shown during the month of January, 2021, the consultancy services emerged as the top sector with 21.80% of the total FDI Equity inflow followed by Computer Software & Hardware (15.96%) and Service Sector (13.64%).

These trends in India’s Foreign Direct Investment are an endorsement of its status as a preferred investment destination amongst global investors.
The Government of India has notified Copyright (Amendment) Rules, 2021 vide Gazette notification under reference G.S.R. 225(E) dated 30th March, 2021. In India, the copyright regime is governed by the Copyright Act, 1957 and the Copyright Rules, 2013. The Copyright Rules, 2013 were last amended in the year 2016.

The amendments have been introduced with the objective of bringing the existing rules in parity with other relevant legislations. It aims to ensure smooth and flawless compliance in the light of the technological advancement in digital era by adopting electronic means as primary mode of communication and working in the Copyright Office. A new provision regarding publication of a copyrights journal has been incorporated, thereby eliminating the requirement of publication in the Official Gazette. The said journal would be available at the website of the Copyright Office.

In order to encourage accountability and transparency, new provisions have been introduced, to deal with the undistributed royalty amounts and use of electronic and traceable payment methods while collection and distribution of royalties. To reinforce transparency in working of copyright societies a new rule has been introduced, whereby the copyright societies will be required to draw up and make public an Annual Transparency Report for each financial year.

The amendments have harmonised the Copyright Rules with the provisions of Finance Act, 2017 whereby the Copyright Board has been merged with Appellate Board.

The compliance requirements for registration of software works have been largely reduced, as now the applicant has the liberty to file the first 10 and last 10 pages of source code, or the entire source code if less than 20 pages, with no blocked out or redacted portions.

The time limit for the Central Government to respond to an application made before it for registration as a copyright society is extended to one hundred and eighty days, so that the application can be more comprehensively examined.
India hosted a Meeting of BRICS Finance Ministers and Central Bank Governors virtually. The meeting was jointly Chaired by Union Minister for Finance & Corporate Affairs, Smt. Nirmala Sitharaman and Governor, Reserve Bank of India, Shri. Shaktikanta Das. Participants included Finance Ministers and Central Bank Governors of the BRICS countries.

As 2021 BRICS Chair, India’s approach is focused on strengthening intra-BRICS cooperation based on Continuity, Consolidation and Consensus.

This was the first meeting of the BRICS Finance Ministers and Central Bank Governors under India Chairship in 2021. BRICS Finance Ministers and Central Bank Governors discussed financial cooperation agenda set by India for 2021 - Global Economic Outlook and Response to COVID-19 pandemic, New Development Bank (NDB) Activities, Social Infrastructure Financing and Use of Digital Technologies, Cooperation on Customs related issues, IMF reforms, Fintech for SMEs and Financial Inclusion, BRICS Rapid Information Security channel and BRICS Bond Fund. On the BRICS priorities and agenda for 2021, Finance Minister Smt. Sitharaman informed that the efforts should be made towards delivering outcomes that reflects the needs and aspirations of BRICS in particular and emerging markets and developing economies in general.

The Finance Minister emphasised the importance of BRICS in responding to the COVID-19 crisis through policy support and enhancing international coordination. Smt. Sitharaman highlighted that world’s largest vaccine drive by India is under way. India has supplied 64.5 million vaccine doses to 84 countries. Speaking on the importance of social infrastructure and use of digital technologies, The Finance Minister underscored the merit in engaging with private sector and exploring the innovative financing models. Smt. Sitharaman stated that the Prime Minister’s Health Insurance Scheme using an output-based funding model has triggered a major private investment cycle in health-care infrastructure, enabling significant expansion of health-care services to vulnerable citizens.

The Finance Minister talked about thematic priorities for New Development Bank for discussion during 2021 and the issues of membership expansion. Smt. Sitharaman also called for greater coordination among BRICS member countries on the issues of 16th general review of Quotas of IMF.
MINISTRY OF FINANCE

Finance Minister Smt. Nirmala Sitharaman attends Second Virtual G20 Finance Ministers and Central Bank Governors Meeting

Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman participated virtually in the Second G20 Finance Ministers and Central Bank Governors (FMCBG) meeting under the Italian Presidency to discuss policy responses to global challenges to restore strong, sustainable, balanced and inclusive growth.

The G20 Finance Ministers and Central Bank Governors discussed Updates of the G20 Action Plan in response to COVID-19. They also discussed supporting the financing needs of the most vulnerable economies, the progress on the international taxation agenda, promoting greener transitions and the pandemic related financial regulation issues.

Smt. Sitharaman urged all G20 members to ensure equitable access and widespread distribution of vaccines. The Finance Minister shared that India is running an ambitious programme of rapid domestic vaccination and has emerged as a key global producer of vaccines and medical products, especially during the pandemic. Smt. Sitharaman stated that India has covered over 87 million citizens in its vaccination drive so far and has supplied over 64 million doses to 84 countries, including 10 million doses as grant. The Finance Minister urged the G20 High Level Independent Panel on Financing the Global Commons for Pandemic Preparedness and Response to draw upon such country experiences.

Smt. Sitharaman reflected on the global growth projections and underlined the need for continued coordination amidst the persistence of uncertainties associated with the virus. The Finance Minister said that the G20 Action Plan has served as a good guidance tool and shaping recovery is the mainstay of its current update.

Noting the discourse in the G20 on climate change, Smt. Sitharaman emphasised on the need for progress on commitments made under the Paris Agreement on climate finance and technology transfer. Smt. Sitharaman suggested that while channeling flows of international financial institutions into green transitions, it should also be recognised that the immediate challenge, particularly for developing and Low-Income Countries, is to restore growth. For boosting support to the most vulnerable economies, the Finance Minister supported extending the Debt Service Suspension Initiative, by six months, till December 2021.
RESERVE BANK OF INDIA

Guidelines on Regulation of Payment Aggregators and Payment Gateways

We invite a reference to our circular DPSS.CO.PD.No.1810/02.14.008/2019-20 dated March 17, 2020 (as updated from time to time) and the clarification dated September 17, 2020 issued on the subject (Annex). Accordingly, neither the authorised Payment Aggregators (PAs) nor the merchants on-boarded by them can store customer card credentials within their database or server.

Based on the representations received from the industry seeking additional time for implementing the above instructions, it has been decided, as a one-time measure, to extend the timeline for non-bank PAs by six months, i.e., till December 31, 2021, to enable the payment system providers and participants to put in place workable solutions, such as tokenisation, within the framework set out in the circular dated March 17, 2020 cited above and our circular DPSS.CO.PD No.1463/02.14.003/2018-19 dated January 08, 2019 on “Tokenisation – Card transactions”. All other provisions of the circular dated March 17, 2020 referred to above, shall remain unchanged.

This directive is issued under Section 10 (2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

Yours faithfully,

(P. Vasudevan)
Chief General Manager
RESERVE BANK OF INDIA

Resolution of the Monetary Policy Committee (MPC) April 5-7, 2021

On the basis of an assessment of the current and evolving macroeconomic situation, the Monetary Policy Committee (MPC) at its meeting today (April 7, 2021) decided to:

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

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

- The MPC also decided to continue with the accommodative stance as long as necessary to sustain growth on a durable basis and continue to mitigate the impact of COVID-19 on the economy, while ensuring that inflation remains within the target going forward.

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

The detailed monetary policy report and statement is given below.

- Monetary_Policy_Report-_April_2021.PDF
- Resolution_of_the_Monetary_Policy_Committee__MPC.PDF