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ASSOCHAM NEWS & VIEWS

WEEKLY

Highlights

- ⇒ **I**NDEX OF EIGHT CORE INDUSTRIES (BASE: 2011-12=100) FOR JULY, 2020
- ⇒ **S**HRI PIYUSH GOYAL CALLS FOR TAKING THE INDO-US TRADE TO GREATER HEIGHTS
- ⇒ **R**BI RELEASED REVISED PRIORITY SECTOR LENDING GUIDELINES



THE ASSOCIATED CHAMBERS OF COMMERCE AND INDUSTRY OF INDIA

CONTENTS

COMMERCE AND INDUSTRY

INDEX OF EIGHT CORE INDUSTRIES (BASE: 2011-12=100) FOR JULY, 2020 3-4

AUSTRALIA-INDIA-JAPAN ECONOMIC MINISTERS' JOINT STATEMENT ON SUPPLY CHAINS RESILIENCE 5

SHRI PIYUSH GOYAL CALLS FOR TAKING THE INDO-US TRADE TO GREATER HEIGHTS; SAYS THE TWO NATIONS CAN BE RESILIENT TRUSTED PARTNERS IN THE GLOBAL VALUE CHAIN 6

FINANCE

MONTHLY REVIEW OF ACCOUNTS OF UNION GOVERNMENT OF INDIA UPTO THE MONTH OF JULY, 2020 FOR THE FINANCIAL YEAR 2020-21 7

TARIFF NOTIFICATION NO. 83/2020-CUSTOMS (N.T.) 8-10

RBI

RBI RELEASED REVISED PRIORITY SECTOR LENDING GUIDELINES 11

LONG FORM AUDIT REPORT (LFAR) - REVIEW 12

MINISTRY OF COMMERCE & INDUSTRY

Index of Eight Core Industries (BASE: 2011-12=100) for JULY, 2020

The Office of Economic Adviser, Department for Promotion of Industry and Internal Trade is releasing Index of Eight Core Industries for the Month of July, 2020.

The combined Index of Eight Core Industries stood at 119.9 in July, 2020, which declined by 9.6 (provisional) per cent as compared to the Index of July, 2019. Its cumulative growth during April to July, 2020-21 was -20.5%.

Final growth rate of Index of Eight Core Industries for April'2020 is revised at -37.9%. The Eight Core Industries comprise 40.27 per cent of the weight of items included in the Index of Industrial Production (IIP). Details of yearly/monthly index and growth rate is provided at Annexure.

Monthly growth rates of Index of Eight Core Industries (Overall) is depicted in the graph:



The summary of the Index of Eight Core Industries is given below:

Coal- Coal production (weight: 10.33per cent) declined by 5.7 per cent in July, 2020 over July,2019. Its cumulative index declined by 12.9per cent during April to July, 2020-21over corresponding period of the previous year.

Crude Oil-Crude Oil production (weight: 8.98per cent) declined by 4.9 per cent in July, 2020 over July,2019. Its cumulative index declined by 6.1 per cent during April to July, 2020-21over the corresponding period of previous year.

Natural Gas- The Natural Gas production (weight:6.88per cent) declinedby10.2 per cent in July, 2020 over July,2019. Its cumulative index declined by 14.7 per cent during April to July, 2020-21 over the corresponding period of previous year.

Refinery Products- Petroleum Refinery production (weight: 28.04per cent) declined by13.9 per cent in July, 2020 over July,2019. Its cumulative index declined by 17.1per cent during April to July, 2020-21over the corresponding period of previous year.

Fertilizers-Fertilizers production (weight: 2.63 per cent) increased by 6.9 per cent in July,2020 overJuly,2019. Its cumulative index increased by 3.9 per cent during April to July, 2020-21 over the corresponding period of previous year.

Steel-Steel production (weight: 17.92per cent) declined by 16.4 per cent inJuly, 2020 over July,2019. Its cumulative index declined by 42.0per cent during April to July, 2020-21 over the corresponding period of previous year.

Cement- Cement production (weight:5.37per cent) declined by13.5per cent in July, 2020overJuly,2019. Its cumulative index declinedby32.2per cent during April to July, 2020-21over the corresponding period of previous year.

Electricity- Electricity generation (weight:19.85per cent) declinedby2.3per cent in July,2020over July,2019. Its cumulative index declined by 12.4per cent during April to July, 2020-21over the corresponding period of previous year.

MINISTRY OF COMMERCE & INDUSTRY

Australia-India-Japan Economic Ministers' Joint Statement on Supply Chains Resilience

Following is the text of the Joint Ministerial Statement adopted during the Trilateral Ministerial Meeting on supply chain resilience held on 1.9.2020

“1. Australia’s Minister for Trade, Tourism and Investment, Senator the Honourable Simon Birmingham, India’s Minister of Commerce and Industry, His Excellency Piyush Goyal, and Japan’s Minister of Economy, Trade and Industry, His Excellency Kajiyama Hiroshi held a ministerial videoconference on September 1, 2020.

2. The Ministers reaffirmed their determination to take a lead in delivering a free, fair, inclusive, non-discriminatory, transparent, predictable and stable trade and investment environment and in keeping their markets open.

3. In light of the COVID-19 crisis and the recent global-scale changes in the economic and technological landscape, the Ministers underscored the necessity and potential to enhance the resiliency of supply chains in the Indo-Pacific region.

4. Recognizing the pressing need for regional cooperation on supply chain resilience in the Indo- Pacific, the Ministers shared their intention to work toward the launch of a new initiative to achieve the objective through cooperation. They instructed their officials to promptly work out the details of the new initiative for its launch later this year. The Ministers noted the important role of business and academia in realizing the objective.

5. The Ministers called for other countries in the region, which share the afore-mentioned views, to participate in the initiative.”

MINISTRY OF COMMERCE & INDUSTRY

Shri Piyush Goyal calls for taking the Indo-US trade to greater heights; says the two nations can be resilient trusted partners in the global value chain

The Commerce and Industry Minister Shri Piyush Goyal has invited the US business and industry to work with their Indian counterparts to take the bilateral trade to greater heights. Addressing the US-India Strategic Partnership Forum (*USISPF*) through a virtual conference, Shri Goyal said that the two democracies share deep commitment with each other, at the Government, Business and people to people levels. Both countries believe in free and fair trade, and the US is India's largest trading partner. He said that going beyond the trade, in this interconnected world, the two nations can be the resilient trusted partners in global value chain.

Shri Goyal outlined to the members of USISPF about the steps being undertaken in the country, to facilitate industry and investments. He said that GIS-enabled land bank has been launched on pilot basis, with six states on board, which will help the investors in identifying the land and location. The Minister also mentioned about the single-window system for clearances, which is being developed in cooperation with various approving authorities and agencies at the Central, State and Municipal levels. On the issue of trade agreement between the US and India, ShriGoyal said India is ready to sign initial limited trade package, and it is upto the US to move ahead.

Shri Goyal said that the road ahead has challenges but also a number of opportunities. He said that economic activity in the country had suffered due to pandemic but there have been indications of sharp revivals. Talking about the amount of freight carried by the Indian railways, he said that it is 4% more in August 2020 than the corresponding period of 2019. Similarly, the exports which had reached 88% in July'20 compared to July'19, the momentum has gained further speed, and the August figures, which are being finalized, seem to be looking even better. If the data from the Oil and Gems/Jewelry sectors is excluded from the total exports, the upsurge will be even more.

The Minister said that the early and strong steps taken by India to check the spread of Covid has stood the country in good stead, as the fatality rate is less than 2% and the recovery rate is above 75%. The Minister said that despite large population, people of India showed great ability to adjust with the time. He said that the lockdown period was used by the country to strengthen the health infrastructure, and the stimulus/relief package has helped the people fight the pandemic. Lauding the role and leadership of the Prime Minister, the Minister said that Shri Narendra Modi is always 2 steps ahead in his planning. He expressed the confidence that India will emerge victorious, make up for the lost time, and will be back on track to achieve \$5Tn economy in next 5 years, and bring prosperity to 1.3 billion people of India.

MINISTRY OF FINANCE

Monthly Review of Accounts of Union Government of India upto the month of July, 2020 for the Financial Year 2020-21

The Monthly Account of the Union Government of India upto the month of July, 2020 has been consolidated and reports published. The highlights are given below:-

The Government of India has received Rs. 2,32,860 crore (10.4% of corresponding BE 2020-21 of Total Receipts) upto July, 2020 comprising Rs. 2,02,788 crore Tax Revenue (Net to Centre), Rs. 24,614 crore of Non Tax Revenue and Rs.5,458 crore of Non Debt Capital Receipts. Non Debt Capital Receipts consists of Recovery of Loans (Rs. 5,455 crore) and Disinvestment proceeds (Rs. 3 crore)

Rs. 1,76,009 crore has been transferred to State Governments as Devolution of Share of Taxes by Government of India upto this period which is Rs. 23,903 crore lower than the previous year.

Total Expenditure incurred by Government of India is Rs. 10,54,209 crore (34.65% of corresponding BE 2020-21), out of which Rs. 9,42,360 crore is on Revenue Account and Rs. 1,11,849 crore is on Capital Account. Out of the Total Revenue Expenditure, Rs.1,98,584 crore is on account of Interest Payments and Rs.1,04,638 crore is on account of Major Subsidies.

MINISTRY OF FINANCE

Tariff Notification No. 83/2020-Customs (N.T.) in respect of Fixation of Tariff Value of Edible Oils, Brass Scrap, Poppy Seeds, Areca Nut, Gold and Silver

In exercise of the powers conferred by sub-section (2) of section 14 of the Customs Act, 1962 (52 of 1962), the Central Board of Indirect Taxes & Customs, being satisfied that it is necessary and expedient so to do, hereby makes the following amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 36/2001-Customs (N.T.), dated the 3rd August, 2001, published in the Gazette of India, Extraordinary, Part-II, Section-3, Sub-section (ii), vide number S. O. 748 (E), dated the 3rd August, 2001, namely:-

In the said notification, for TABLE-1, TABLE-2, and TABLE-3 the following Tables shall be substituted, namely: -

“TABLE-1

Sl. No.	Chapter/ heading/ sub-heading/tariff item	Description of goods	Tariff value (US \$Per Metric Tonne)
(1)	(2)	(3)	(4)
1	1511 10 00	Crude Palm Oil	730
2	1511 90 10	RBD Palm Oil	755
3	1511 90 90	Others – Palm Oil	743
4	1511 10 00	Crude Palmolein	761
5	1511 90 20	RBD Palmolein	764
6	1511 90 90	Others – Palmolein	763
7	1507 10 00	Crude Soya bean Oil	821
8	7404 00 22	Brass Scrap (all grades)	3776
9	1207 91 00	Poppy seeds	3623

TABLE-2

Sl. No.	Chapter/ heading/ sub-heading/tariff item	Description of goods	Tariff value (US \$)
(1)	(2)	(3)	(4)
1.	71 or 98	Gold, in any form, in respect of which the benefit of entries at serial number 356 of the Notification No. 50/2017-Customs dated 30.06.2017 is availed	630 per 10 grams
2.	71 or 98	Silver, in any form, in respect of which the benefit of entries at serial number 357 of the Notification No. 50/2017-Customs dated 30.06.2017 is availed	881 per kilogram
3.	71	<p>(i) Silver, in any form, other than medallions and silver coins having silver content not below 99.9% or semi-manufactured forms of silver falling under sub-heading 7106 92;</p> <p>(ii) Medallions and silver coins having silver content not below 99.9% or semi-manufactured forms of silver falling under sub-heading 7106 92, other than imports of such goods through post, courier or baggage.</p> <p>Explanation. - For the purposes of this entry, silver in any form shall not include foreign currency coins, jewellery made of silver or articles made of silver.</p>	881 per kilogram
4.	71	<p>(i) Gold bars, other than tola bars, bearing manufacturer's or refiner's engraved serial number and weight expressed in metric units;</p> <p>(ii) Gold coins having gold content not below 99.5% and gold findings, other than imports of such goods through post, courier or baggage.</p> <p>Explanation. - For the purposes of this entry, "gold findings" means a small component such as hook, clasp, clamp, pin, catch, screw back used to hold the whole or a part of a piece of Jewellery in place.</p>	630 per 10 grams

TABLE-3

Sl. No.	Chapter/ heading/ sub-heading/tariff item	Description of goods	Tariff value (US \$ Per Metric Tonne)
(1)	(2)	(3)	(4)
1	080280	Areca nuts	3720"

Note: - The principal notification was published in the Gazette of India, Extraordinary, Part-II, Section-3, Sub-section (ii), vide Notification No. 36/2001–Customs (N.T.), dated the 3rd August, 2001, vide number S. O. 748 (E), dated the 3rd August, 2001 and was last amended vide Notification No. 72/2020-Customs (N.T.), dated the 14th August, 2020, e-published in the Gazette of India, Extraordinary, Part-II, Section-3, Sub-section (ii), vide number S.O. 2770 (E), dated 14th August, 2020.

RESERVE BANK OF INDIA

RBI Released Revised Priority Sector Lending Guidelines

Reserve Bank of India has comprehensively reviewed the [Priority Sector Lending \(PSL\) Guidelines](#) to align it with emerging national priorities and bring sharper focus on inclusive development, after having wide ranging discussions with all stakeholders.

Revised PSL guidelines will enable better credit penetration to credit deficient areas; increase the lending to small and marginal farmers and weaker sections; boost credit to renewable energy, and health infrastructure.

Bank finance to start-ups (up to ₹50 crore); loans to farmers for installation of solar power plants for solarisation of grid connected agriculture pumps and loans for setting up Compressed Bio Gas (CBG) plants have been included as fresh categories eligible for finance under priority sector. Some of the salient features of revised PSL guidelines are:

1. To address regional disparities in the flow of priority sector credit, higher weightage have been assigned to incremental priority sector credit in 'identified districts' where priority sector credit flow is comparatively low.
2. The targets prescribed for "small and marginal farmers" and "weaker sections" are being increased in a phased manner.
3. Higher credit limit has been specified for Farmers Producers Organisations (FPOs)/Farmers Producers Companies (FPCs) undertaking farming with assured marketing of their produce at a pre-determined price.
4. Loan limits for renewable energy have been increased (doubled).
5. For improvement of health infrastructure, credit limit for health infrastructure (including those under 'Ayushman Bharat') has been doubled.

(Yogesh Dayal)
Chief General Manager

RESERVE BANK OF INDIA

Long Form Audit Report (LFAR) - Review

Please refer 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 and it has been decided to make the following changes.

The format of LFAR, as mentioned below, have been revised:

- a) Annex I for Statutory Central Auditors (SCA)
- b) Annex II for Branch Auditors
- c) An Appendix as part of Annex II for the specialized branches and
- d) Annex III on Large / Irregular / Critical accounts for branch auditors.

The revised formats are enclosed.

The revised LFAR formats are required to be put into operation for the period covering FY 2020-21 and onwards. The mandate and scope of the audit will be as per this format and if the SCA feels the need of any material additions, etc., this may be done by giving specific justification by the SCA and with the prior intimation of the bank's Audit Committee of Board (ACB).

Regarding other operational issues relating to submission of LFAR, we further advise as under:

- a) Timely receipt of LFARs from the auditors should be ensured;
- b) The LFAR on the bank, after due examination, should be placed before the ACB / Local Advisory Board of the bank indicating the action taken/proposed to be taken for rectification of the irregularities, if any, mentioned therein; and
- c) A copy each of the LFAR (i.e. for the bank / all Indian Offices of foreign bank as a whole) and the relative agenda note, together with the Board's views or directions, should be forwarded to the concerned Senior Supervisory Manager (SSM) in the Department of Supervision, Reserve Bank of India within 60 days of submission of the LFAR by the statutory auditors.

The LFAR format and other instructions issued vide RBI circular No. DBS.CO.PP.BC.11/11.01.005/2001-2002 dated April 17, 2002 stand repealed.

Yours faithfully,

(Ajay Kumar Choudhary)
Chief General Manager