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# ASSOCHAM NEWS & VIEWS

WEEKLY

## Highlights

- ⇒ **I**NDEX NUMBERS OF WHOLESALE PRICE IN INDIA FOR THE MONTH OF AUGUST, 2020
- ⇒ **R**BI RELEASED DRAFT RUPEE INTEREST RATE DERIVATIVES (RESERVE BANK) DIRECTIONS, 2020 UNDER SECTION 45 W OF THE RBI ACT, 1934
- ⇒ **E**XPERT COMMITTEE TO ASSIST GOVERNMENT FOR ASSESSMENT OF RELIEF TO BANK BORROWERS



**THE ASSOCIATED CHAMBERS OF COMMERCE AND INDUSTRY OF INDIA**

**CONTENTS**

**COMMERCE AND INDUSTRY**

INDEX NUMBERS OF WHOLESALE PRICE IN INDIA FOR THE MONTH OF AUGUST, 2020	3-4
---	-----

ESTABLISHMENT OF THE DEVELOPMENT COUNCIL FOR FOOTWEAR AND LEATHER INDUSTRY	5
--	---

**FINANCE**

EXPERT COMMITTEE TO ASSIST GOVERNMENT FOR ASSESSMENT OF RELIEF TO BANK BORROWERS	6
--	---

NOTIFICATION NO. 87/2020-CUSTOMS (N.T.)	7-9
---	-----

EXCHANGE RATE NOTIFICATION NO. 88/2020 - CUSTOMS (N.T.)	10-11
---	-------

**RBI**

AUTOMATION OF INCOME RECOGNITION, ASSET CLASSIFICATION AND PROVISIONING PROCESSES IN BANKS	12-13
--	-------

RBI RELEASED DRAFT RUPEE INTEREST RATE DERIVATIVES (RESERVE BANK) DIRECTIONS, 2020 UNDER SECTION 45 W OF THE RBI ACT, 1934	14
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## **MINISTRY OF COMMERCE & INDUSTRY**

### **Index Numbers of Wholesale Price in India for the month of August, 2020**

The Office of the Economic Adviser, Department for Promotion of Industry and Internal Trade is releasing index numbers of wholesale price in India for the month of August, 2020 (Provisional) and for the month of June, 2020 (Final) in this press release. Provisional figures of Wholesale Price Index (WPI) are released on 14th of every month (or next working day) with a time lag of two weeks of the reference month. After 10 weeks, the index is finalized and final figures are released and then frozen thereafter.

#### **INFLATION**

The annual rate of inflation, based on monthly WPI, stood at (0.16%) (Provisional) for the month of August, 2020 (over August, 2019) as compared to 1.17% during the corresponding month of the previous year.

<b>WPI based Indices and Annual Rate of Inflation (%)*</b>							
<b>All Commodities/Major Groups</b>	<b>Weight (%)</b>	<b>Jun-20 (F)</b>		<b>Jul-20 (P)</b>		<b>Aug-20 (P)</b>	
		Index	Inflation	Index	Inflation	Index	Inflation
ALL COMMODITIES	100.0	<b>119.3</b>	<b>-1.81</b>	<b>120.6</b>	<b>-0.58</b>	<b>121.7</b>	<b>0.16</b>
I PRIMARY ARTICLES	22.6	<b>140.9</b>	<b>-0.07</b>	<b>143.7</b>	<b>0.63</b>	<b>146.3</b>	<b>1.60</b>
II FUEL & POWER	13.2	<b>85.6</b>	<b>-16.24</b>	<b>90.7</b>	<b>-9.84</b>	<b>91.4</b>	<b>-9.68</b>
III MANUFACTURED PRODUCTS	64.2	<b>118.6</b>	<b>0.08</b>	<b>118.6</b>	<b>0.51</b>	<b>119.3</b>	<b>1.27</b>
FOOD INDEX	24.4	<b>148.7</b>	<b>3.12</b>	<b>152.0</b>	<b>4.32</b>	<b>153.3</b>	<b>4.07</b>

**Note: P: Provisional, F: Final, \* Annual Rate of Inflation calculated over corresponding month of last year.**

The movement of the index for the various commodity groups is summarized below:-

### **PRIMARY ARTICLES (Weight 22.62%)**

The index for this major group increased by (1.81%) to 146.3 (provisional) in August, 2020 from 143.7 (provisional) for the month of July, 2020. Prices of Minerals (10.21%), Crude Petroleum & Natural Gas (4.72%), Non-food Articles (3.06%) and Food Articles (0.93%) increased as compared to July, 2020.

### **FUEL & POWER (Weight 13.15%)**

The index for this major group increased by (0.77%) to 91.4 (provisional) in August, 2020 from 90.7 (provisional) for the month of July, 2020. Prices of Mineral Oils (1.30%) increased as compared to July, 2020. Prices of Coal and Electricity remain unchanged.

### **MANUFACTURED PRODUCTS (Weight 64.23%)**

The index for this major group increased by (0.59%) to 119.3 (provisional) in August, 2020 from 118.6 (provisional) for the month of July, 2020. Out of the 22 NIC two-digit groups for Manufactured products, **11 groups** that have witnessed **increase** in prices are manufacture of food products; beverages; leather and related products; wood and of products of wood and cork; printing and reproduction of recorded media; pharmaceuticals, medicinal chemical and botanical products; basic metals; electrical equipment; machinery and equipment; other transport equipment; other manufacturing in August, 2020 as compared to July, 2020. Whereas **10 groups** that have witnessed **decrease** in prices are manufacture of tobacco products; textiles; wearing apparel; paper and paper products; chemicals and chemical products; rubber and plastics products; other non-metallic mineral products; fabricated metal products, except machinery and equipment; computer, electronic and optical products; furniture in August, 2020 as compared to July, 2020. While the prices of manufacture of motor vehicles, trailers and semi-trailers remain unchanged in August, 2020 as compared to July, 2020.

### **WPI FOOD INDEX (Weight 24.38%)**

The Food Index consisting of 'Food Articles' from Primary Articles group and 'Food Product' from Manufactured Products group have increased from 152.0 in July, 2020 to 153.3 in August, 2020. The annual rate of inflation based on WPI Food Index decreased from 4.32% in July, 2020 to 4.07% in August, 2020.

### **FINAL INDEX FOR THE MONTH OF JUNE, 2020 (BASE YEAR:2011-12=100)**

For the month of June 2020, the final Wholesale Price Index and inflation rate for 'All Commodities' (Base: 2011-12=100) stood at 119.3 and WPI based rate of inflation stood at -1.81%.

## **MINISTRY OF COMMERCE & INDUSTRY**

### **Establishment of the Development Council for Footwear and Leather Industry**

The Department for Promotion of Industry and Internal Trade (DPIIT) has issued a notification, constituting Development Council for Footwear & Leather Industry (DCFLI). Shri R K Gupta will chair DCFLI for 2 years. 24 other members have also been nominated.

The Development Council for Footwear and Leather Industry has been established for the formulation and implementation of promotional and developmental measures for the growth of labour intensive footwear and leather sectors in India. To boost domestic production and encourage exports, the Developmental Council is envisaged to play a very proactive role in preparing a futuristic vision for development, designing and manufacturing of high quality world-class footwear and leather products in India.

**[A copy of order published in Gazette of India is enclosed.](#)**

## **MINISTRY OF FINANCE**

### **Expert committee to assist Government for assessment of relief to bank borrowers**

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.**

**The Expert Committee shall be as under:**

- (i) Shri Rajiv Mehrishi, former CAG of India - Chairperson
- (ii) Dr. Ravindra H. Dholakia, former Professor, IIM Ahmedabad & ex- Member, Monetary Policy Committee of Reserve Bank of India
- (iii) Shri B. Sriram, Former Managing Director, State Bank of India & IDBI Bank

**The terms of reference of the committee shall be as under:**

- (i) Measuring the impact on the national economy and financial stability of waiving of interest and waiving of interest on interest on the COVID-19 related moratorium
- (ii) Suggestions to mitigate financial constraints of various sections of society in this respect and measures to be adopted in this regard
- (iii) Any other suggestions/observations that may be necessary given the current situation.

The committee will submit its report within one week. State Bank of India will provide secretarial support to the committee. The Committee may consult banks or other stakeholders, as deemed necessary, for the purpose.

## MINISTRY OF FINANCE

### Notification No. 87/2020-CUSTOMS (N.T.)

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 3<sup>rd</sup> August, 2001, published in the Gazette of India, Extraordinary, Part-II, Section-3, Sub-section (ii), vide number S. O. 748 (E), dated the 3<sup>rd</sup> August, 2001, namely:-

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

**“TABLE-1**

<b>Sl. No.</b>	<b>Chapter/ heading/ sub-heading/tariff item</b>	<b>Description of goods</b>	<b>Tariff value (US \$Per Metric Tonne)</b>
(1)	(2)	(3)	(4)
1	1511 10 00	Crude Palm Oil	741
2	1511 90 10	RBD Palm Oil	777
3	1511 90 90	Others – Palm Oil	759
4	1511 10 00	Crude Palmolein	783
5	1511 90 20	RBD Palmolein	786
6	1511 90 90	Others – Palmolein	785
7	1507 10 00	Crude Soya bean Oil	864
8	7404 00 22	Brass Scrap (all grades)	3917
9	1207 91 00	Poppy seeds	3623

**TABLE-2**

<b>Sl. No.</b>	<b>Chapter/ heading/ sub-heading/tariff item</b>	<b>Description of goods</b>	<b>Tariff value (US \$)</b>
(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	631 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	866 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>	866 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>	631 per 10 grams



**TABLE-3**

<b>Sl. No.</b>	<b>Chapter/ heading/ sub-heading/tariff item</b>	<b>Description of goods</b>	<b>Tariff value (US \$ Per Metric Tonne)</b>
(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 3<sup>rd</sup> August, 2001, vide number S. O. 748 (E), dated the 3<sup>rd</sup> August, 2001 and was last amended vide Notification No. 83/2020-Customs (N.T.), dated the 31<sup>st</sup> August, 2020, e-published in the Gazette of India, Extraordinary, Part-II, Section-3, Sub-section (ii), vide number S.O. 2956 (E), dated 31<sup>st</sup> August, 2020.

## MINISTRY OF FINANCE

### Exchange Rate Notification No. 88/2020 - Customs (N.T.)

In exercise of the powers conferred by section 14 of the Customs Act, 1962 (52 of 1962), and in supersession of the Notification No.84/2020-Customs(N.T.), dated 3<sup>rd</sup> September, 2020 except as respects things done or omitted to be done before such supersession, the Central Board of Indirect Taxes and Customs hereby determines that the rate of exchange of conversion of each of the foreign currencies specified in column (2) of each of Schedule I and Schedule II annexed hereto, into Indian currency or *vice versa*, shall, with effect from 18<sup>th</sup> September, 2020, be the rate mentioned against it in the corresponding entry in column (3) thereof, for the purpose of the said section, relating to imported and export goods.

#### SCHEDULE-I

Sl.No.	Foreign Currency	Rate of exchange of one unit of foreign currency equivalent to Indian rupees	
		(a)	(b)
(1)	(2)	(3)	
		(For Imported Goods)	(For Exported Goods)
1.	Australian Dollar	54.75	52.45
2.	Bahraini Dinar	201.90	189.50
3.	Canadian Dollar	56.70	54.75
4.	Chinese Yuan	11.05	10.70
5.	Danish Kroner	11.85	11.45
6.	EURO	88.20	85.10
7.	Hong Kong Dollar	9.70	9.35
8.	Kuwaiti Dinar	249.15	233.80
9.	New Zealand Dollar	50.60	48.35
10.	Norwegian Kroner	8.25	7.95

11.	Pound Sterling	96.90	93.55
12.	Qatari Riyal	20.90	19.60
13.	Saudi Arabian Riyal	20.30	19.05
14.	Singapore Dollar	55.05	53.20
15.	South African Rand	4.65	4.35
16.	Swedish Kroner	8.45	8.20
17.	Swiss Franc	82.40	79.15
18.	Turkish Lira	10.15	9.55
19.	UAE Dirham	20.75	19.45
20.	US Dollar	74.60	72.90

**SCHEDULE-II**

Sl.No.	Foreign Currency	Rate of exchange of 100 units of foreign currency equivalent to Indian rupees	
		(a)	(b)
(1)	(2)	(3)	
		(For Imported Goods)	(For Export Goods)
1.	Japanese Yen	71.50	68.85
2.	Korean Won	6.45	6.05

## **RESERVE BANK OF INDIA**

### **Automation of Income Recognition, Asset Classification and Provisioning processes in banks**

We invite a reference to our circular DBS.CO.PPD.No.1950/11.01.005/2011-12 dated August 04, 2011, in terms of which banks were advised, inter alia, to have appropriate IT system in place for identification of Non-Performing Assets (NPA) and generation of related data/returns, both for regulatory reporting and bank's own MIS requirements. It is, however, observed that the processes for NPA identification, income recognition, provisioning and generation of related returns in many banks are not yet fully automated. Banks are still found to be resorting to manual identification of NPA and also over-riding the system generated asset classification by manual intervention in a routine manner.

2. In order to ensure the completeness and integrity of the automated Asset Classification (classification of advances/investments as NPA/NPI and their upgradation), Provisioning calculation and Income Recognition processes, banks are advised to put in place / upgrade their systems to conform to the following guidelines latest by June 30, 2021.

#### **Coverage:**

2.1 All borrowal accounts, including temporary overdrafts, irrespective of size, sector or types of limits, shall be covered in the automated IT based system (System) for asset classification, upgradation, and provisioning processes. Banks' investments shall also be covered under the System.

2.2 Asset classification rules shall be configured in the System, in compliance with the regulatory stipulations.

2.3 Calculation of provisioning requirement shall also be System based as per pre-set rules for various categories of assets, value of security as captured in the System and any other regulatory stipulations issued from time to time on provisioning requirements.

2.4 In addition, income recognition/derecognition in case of impaired assets (NPAs/NPIs) shall be system driven and amount required to be reversed from the income account should be obtained from the System without any manual intervention.

2.5 The System shall handle both down-grade and upgrade of accounts through Straight Through Process (STP) without manual intervention.

**Frequency:**

2.6 The System based asset classification shall be an ongoing exercise for both down-gradation and up-gradation of accounts. Banks should ensure that the asset classification status is updated as part of day end process. Banks should also be able to generate classification status report at any given point of time with actual date of classification of assets as NPAs/NPIs.

**Exceptions:**

2.7 Exceptions may be granted from System driven classification in certain circumstances, which are expected to be minimum and temporary. It may be emphasised that these exceptions are from automated classification and not from IRAC norms and shall be subject to the conditions as explained below.

2.8 Banks shall not resort to manual intervention / over-ride in the System based asset classification process. In any exceptional circumstance where manual intervention is required to override the System classification, it must have at least two level authorisation. Such delegation of powers for authorising the exceptions should be as per the Board approved policy of the bank (by CEO, in case of unavailability of Board) and preferably should be done from the centralised location and suitably documented. Further, any such intervention shall have appropriate audit trails and subjected to audit by concurrent and statutory auditors. Detail reports of such manual intervention shall be placed before the Audit Committee / Audit Head (banks having no Board) regularly.

2.9 Banks shall maintain logs for all exceptions i.e. manual interventions / over-rides including, but not limited to, the date and time stamp; purpose/reason; user-IDs, name and designation of those making such manual intervention and necessary account details. These logs shall also be stored for a minimum period of three years and not be tampered with during the storage period. These logs shall be system generated.

**System Requirements and System Audit:**

2.10 In case a separate application outside the CBS is used as the System for NPA/NPI identification and/or classification, the System must have access to the required data from the CBS and/or other relevant applications of the bank and the borrower/investment accounts shall be updated back into the CBS automatically, wherever applicable, through STP.

2.11 Banks shall keep the business logic and other parameters/configurations of the System updated to ensure that the System based identification, classification, provisioning and income recognition are strictly in compliance with the regulatory guidelines on an ongoing basis. There should be periodic system audit, at least once in a year, by Internal / External Auditors who are well versed with the system audit both on system parameters as also from the perspective of compliance to Income Recognition, Asset Classification and Provisioning guidelines.

**General:**

2.12 Banks may draw up their standard operating procedure (SOP) for System based NPA classification for usage by the operating staff.

2.13 Baseline requirements for the NPA classification have been provided in the [Annex](#). Banks are required to adhere to these instructions while designing and maintaining the System.

3. The adherence to these instructions will be examined as part of supervisory assessment of the banks and in case of non-compliance, suitable supervisory / enforcement action shall be initiated against the concerned bank.

Yours faithfully,

(Ajay Kumar Choudhary)  
Chief General Manager

Encl: As above (Annex)

**RESERVE BANK OF INDIA**

**RBI released 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](#). Comments on the Draft Directions are invited from banks, market participants and other interested parties by October 15, 2020.

Feedback on the Draft Directions may be forwarded to:

The Chief General Manager, Reserve Bank of India  
Financial Markets Regulation Department  
9th Floor, Central Office Building  
Shahid Bhagat Singh Marg, Fort  
Mumbai – 400001

or by [email](#) with the subject line “**Feedback on Draft Rupee Interest Rate Derivatives (Reserve Bank) Directions, 2020**”.

**(Yogesh Dayal)**  
Chief General Manager