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ASSOCHAM NEWS & VIEWS

W E E K L Y

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THE ASSOCIATED CHAMBERS OF COMMERCE AND INDUSTRY OF INDIA

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MINISTRY OF COMMERCE & INDUSTRY

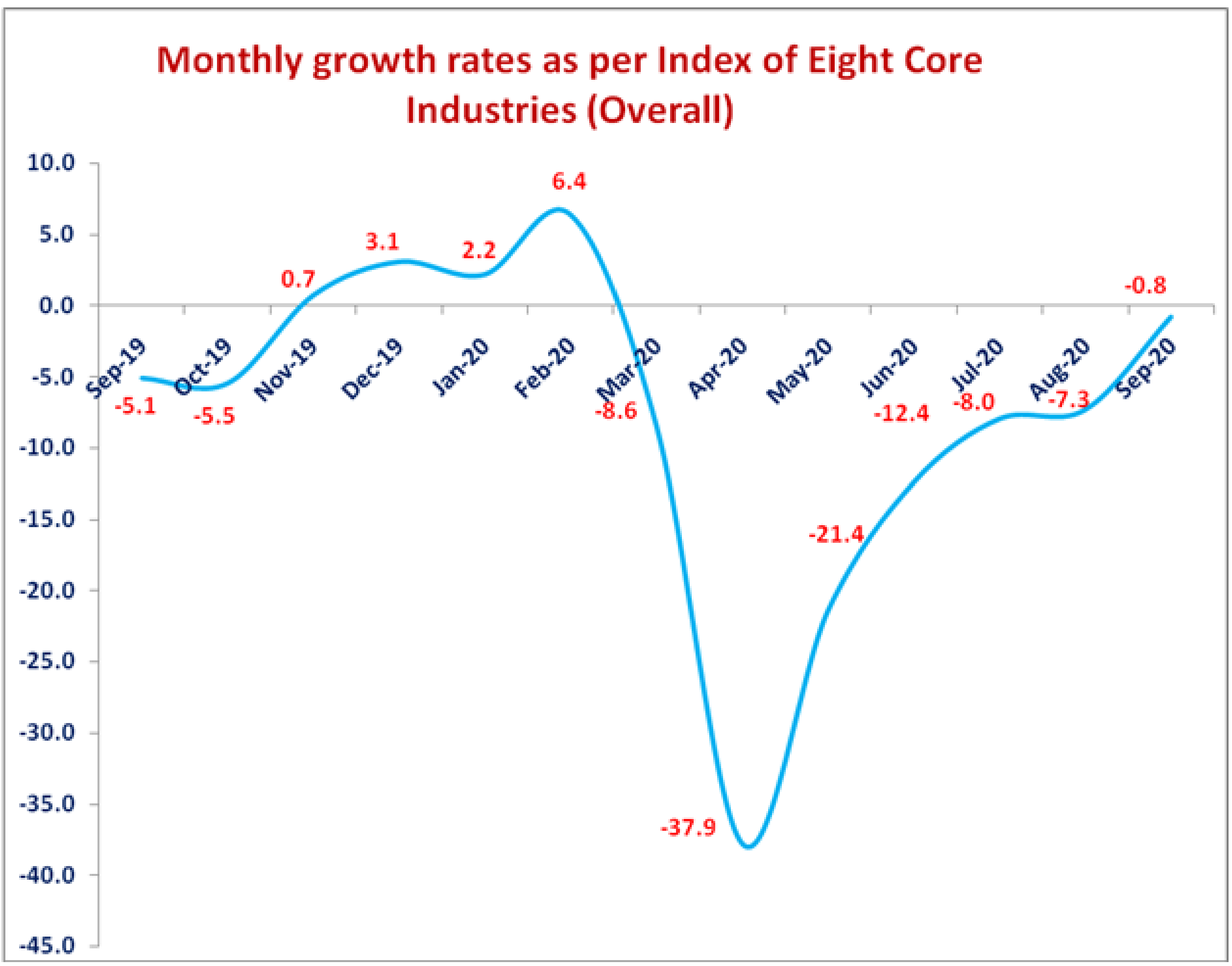
Index of Eight Core Industries (Base: 2011-12=100) for September, 2020

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

The combined Index of Eight Core Industries stood at 119.7 in September,2020, which declined by 0.8 (provisional) per cent as compared to the Index of September, 2019.Its cumulative growth during April to September, 2020-21 has been(-) 14.9%.

Final growth rate of Index of Eight Core Industries for June'2020 is revised to(-) 12.4 %.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) increased by 21.2 per cent in September, 2020 over September,2019. Its cumulative index declined by 6.1per cent during April to September, 2020-21over corresponding period of the previous year.

Crude Oil-Crude Oil production (weight: 8.98per cent) declined by 6.0 per cent in September, 2020 over September,2019. Its cumulative index declined by 6.1 per cent during April to September, 2020-21over the corresponding period of previous year.

Natural Gas- The Natural Gas production (weight:6.88per cent) declinedby10.6 per cent in September, 2020 over September,2019. Its cumulative index declined by 13.2 per cent during April to September, 2020-21 over the corresponding period of previous year.

Refinery Products- Petroleum Refinery production (weight: 28.04per cent) declined by9.5 per cent in September, 2020 over September,2019. Its cumulative index declined by 16.3per cent during April to September, 2020-21over the corresponding period of previous year.

Fertilizers-Fertilizers production (weight: 2.63 per cent) declined by 0.3 per cent in September,2020 overSeptember,2019. Its cumulative index increased by 3.7 per cent during April to September, 2020-21 over the corresponding period of previous year.

Steel-Steel production (weight: 17.92per cent) increased by 0.9 per cent in September, 2020 over September,2019. Its cumulative index declined by 26.7per cent during April to September, 2020-21 over the corresponding period of previous year.

Cement-Cement production (weight:5.37per cent) declinedby3.5per cent in September, 2020overSeptember,2019. Its cumulative index declinedby25.1per cent during April to September, 2020-21over the corresponding period of previous year.

Electricity- Electricity generation (weight:19.85per cent) increasedby3.7per centin September,2020over September,2019. Its cumulative index declined by 8.2per cent during April to September, 2020-21over the corresponding period of previous year.

MINISTRY OF COMMERCE & INDUSTRY

8th Meeting of the India-UAE High Level Joint Task Force on Investments

The eighth meeting of the India-UAE High Level Joint Task Force on Investments ("the Joint Task Force") was hosted by India, in virtual format due to the ongoing COVID-19 pandemic.

The meeting was co-chaired by Shri Piyush Goyal, Minister of Railways, Commerce & Industry and Consumer Affairs and Public Distribution, Government of India and His Highness Sheikh Hamed bin Zayed Al Nahyan, Member of the Executive Council of the Emirate of Abu Dhabi, and Senior officials from both countries participated in the meeting.

The Joint Task Force was created in 2012 as a crucial forum for further deepening the already strong economic ties between the UAE and India. The mechanism has assumed greater importance as the two countries entrench the Comprehensive Strategic Partnership Agreement signed in January 2017.

The two sides noted the positive outcomes achieved by the Joint Task Force and expressed satisfaction at the level of bilateral trade and investment to date. They agreed upon the need to further explore ways to facilitate investments in key Indian and UAE sectors with potential for economic growth, and to maintain their dialogue and further build on the considerable achievements of the Joint Task Force.

At this latest meeting of the Joint Task Force, the two sides agreed that the recent challenging circumstances of COVID-19 made it even more important to encourage investment and cooperation in areas of mutual interest with the purpose to stimulate economic activity.

To this end, discussions were held on a wide range of sectors and subjects of mutual interest, including on the presentations made by the Indian side on the margins of this eighth meeting.

With an aim to further strengthen the excellent trade and economic ties between the two countries, both sides reiterated the importance of addressing specific perceived barriers to trade between the two countries. These include issues relating to anti-dumping duties and measures, as well as any tariff and regulatory restrictions. To this end, both sides agreed to coordinate efforts and promote mutual cooperation at the highest official levels in areas of anti-dumping and to consider these issues promptly with the objective of seeking mutually beneficial solutions.

The UAE, meanwhile, identified sectors where further facilitation is needed to enhance growth and promote bilateral trade and investments.

Both sides reviewed the existing UAE special desk ('UAE Plus') and the Fast Track Mechanism created in 2018 to facilitate investments and to resolve any challenges experienced by UAE investors in India. In this context, both sides agreed to make the best use of these mechanisms to further facilitate bilateral cooperation.

In recognizing the critical importance of civil aviation to the economies of both States, both sides agreed that the two civil aviation authorities should continue to work together on a priority basis, for their mutual benefit, to ensure speedy normalization of air transport operations between the two countries.

The two sides discussed issues related to the development and operation of UAE-based funds to invest in India, including in the light of SEBI Foreign Portfolio Investor Regulations 2019. The Indian side agreed to look into these issues with the objective of facilitating further direct investments of UAE-based funds into India and seeking mutually beneficial solutions in that regard.

Other key points of discussion at the meeting focused on opportunities for cooperation and potential investments in key sectors in India including the healthcare and pharmaceutical industry, mobility and logistics, food and agriculture, energy and utilities and others.

Commenting on the eighth meeting of the Task Force, Shri Piyush Goyal, Minister of Railways and Commerce & Industry, Government of India, said:

“This Joint Task Force is an integral component of our comprehensive strategic partnership with the UAE. India is on an ambitious growth path and has significant headroom in various sectors of its economy. The UAE has been a consistent investor in diverse sectors of the Indian economy and is a valuable partner in our development journey. We attach high priority to the UAE investments and have been consistently taking progressive steps to ease the path for UAE investors.”

At the conclusion of the meeting, H.H Sheikh Hamed bin Zayed Al Nahyan observed“The past decade has witnessed a positive transformation in the economic relationship between the UAE and India. I believe that the commitment of this Task Force over the past eight years has been central to that success. Although recent months have been difficult for us all, we have today set out an ambitious agenda for the next stage of our economic co-operation. I am convinced that we can return to significant growth in our bilateral trade and investment in the years ahead.”

MINISTRY OF FINANCE

FSCA Authority Board approves two Regulations

A meeting of the International Financial Services Centres Authority (IFSCA) was held. The Board, after detailed deliberations, approved the following regulations:

a. **International Financial Services Centres Authority (Bullion Exchange) Regulations, 2020**

   The Government of India, on the recommendation of IFSCA, notified the bullion spot delivery contract and bullion depository receipt (with bullion as underlying) as Financial Products and related services as Financial Services under the IFSCA Act, 2019 on August 31, 2020.

   IFSCA has been tasked with the responsibility of operationalization of this bullion Exchange. For the first time in India a single regulator will be regulating both the bullion spot and derivative contracts that would be traded on the Exchange.

   The Authority approved the draft bullion regulations in its meeting today, which paves the way for setting up the entire ecosystem for bullion trading, namely, bullion exchange, depository, clearing house and vaults.

   The salient aspects of the Bullion Exchange Regulations include:

   - Functions and general obligations of a bullion exchange and clearing corporation
   - Ownership and governance structure of a bullion exchange and clearing corporation
   - Rights and Obligations of Bullion Depositories, Participants and Beneficial Owners
   - The grant of registration to a vault manager by the Authority
   - The role of bullion depositories
   - Other operational aspects of the bullion exchange

   The Bullion Exchange Regulations envisage to provide an integrated platform for all the market intermediaries including trading members/ clearing members, bullion depositories, vault managers, etc. so as to facilitate transparency and traceability in the bullion market and standardisation of bullion contracts.

b. **International Financial Services Centres Authority (Global In-House Centres) Regulations, 2020**

On October 16, 2020, Government of India, on the recommendation of IFSCA, had notified Global In-House Centres (GIC) as financial service to provide services relating to financial products and financial services.

Some of the salient features of the regulations approved by the Authority are as follows:

- A GIC may conduct its business in any mode permitted by the Authority, including branch mode
- The applicant entity shall exclusively cater to its financial services group wherein the entities served must be located in a Financial Action Task Force (FATF) compliant jurisdiction
- A financial services group is defined as any entity which is regulated by a financial services regulator or any other competent body regulating financial services activities in its home jurisdiction and include its holding, subsidiary or associate companies, branch, or subsidiary of a holding company to which it is also a subsidiary
- The support services provided by the applicant entity to its financial services group should be for the purpose of carrying out a financial service in respect of a financial product
- A GIC set up within the IFSC shall be entitled to avail itself of all concessions including tax holiday applicable to IFSC units

In recent years, GICs in India have been contributing to development of highly skilled talent pool in the country. India is emerging as world’s leading centre of digitization, with one of largest pool of digital talents. These GIC regulations issued by IFSCA has the potential to put GIFT-IFSC in the leagues of leading FinTech cities, generating significant employment opportunities.

The abovementioned regulations will be notified by the Government of India in due course.

MINISTRY OF FINANCE

Payment Date Extended for Vivad se Vishwas Scheme

In order to provide further relief to the taxpayers desirous of settling disputes under *Vivad se Vishwas* Scheme, the Government today further extended the date for making payment without additional amount from 31st December 2020 to 31st March 2021. The last date for making declaration under the Scheme has also been notified as 31st December 2020. As per the notification issued, the declaration under the Vivad se Vishwas Scheme shall be required to be furnished latest by 31st December 2020, however, only in respect of said declarations made by 31st December 2020 the payment without additional amount can now be made up to 31st March 2021.

Meanwhile, Finance Secretary Dr. Ajay Bhushan Pandey reviewed the progress made so far by the Income Tax Department on Vivad se Vishwas Scheme in a high level meeting through video conferencing along with CBDT Chairman and Board members with all Principal Chief Commissioners of Income Tax across the country to expedite the Scheme which, he said, is highly beneficial to the taxpayers, adding further that "We need to advance the Vivad se Vishwas Scheme with greater persuasion and perseverance and must reach out to the taxpayers to facilitate all necessary handholding."

In the meeting, suggestions and comments of the Field Officers were also discussed regarding the action plan for successful implementation of the Scheme in a time bound manner.

Finance Secretary Dr. Pandey said, "This is a scheme for the benefit and convenience of the taxpayers as they would get instant disposal of the dispute with no further cost of litigation besides monetary benefits in the form of waiver of penalty, interest and prosecution. With this Scheme, on the one hand, a taxpayer would be benefitted with stress-free time to put her/his efforts for more meaningful daily life/routine or expanding business activities while on the other, the government would be getting its due long pending revenue and also, savings on the huge cost on resources that these disputes consume."

In the meeting, CBDT Chairman Shri P.C. Mody mentioned the importance of cleaning up of demand for facilitating and persuading the taxpayers for filing declarations under the Scheme. He emphasized on Pr. Chief Commissioners of Income Tax to carry out all possible actions such as disposing pending rectifications, giving pending appeal effects, removing duplicate demands, etc. so as to arrive at a final demand for each assessee so that whenever a taxpayer files Form 1 or 2 under the Vivad se Vishwas Scheme, the Pr. Commissioner of Income Tax concerned is in a position to issue Form 3 promptly.

It was also decided in the meeting to adopt a proactive approach for implementation of the Scheme by approaching taxpayers directly, guiding and facilitating them in filing of declarations and removing any difficulties or problems faced by them in availing the Scheme. It was further decided to have periodic review of the progress of the Scheme every fortnight.

It is pertinent to mention here that the Direct Tax Vivad se Vishwas Act, 2020 was enacted on 17th March, 2020 with the objective to reduce pending income tax litigation, generate timely revenue for the Government and to benefit taxpayers by providing them peace of mind, certainty and savings on account of time and resources that would otherwise be spent on the long-drawn and vexatious litigation process. In order to provide more time to taxpayers to settle disputes, earlier the date for filing declaration and making payment without additional amount under Vivad se Vishwas was extended from 31st March 2020 to 30th June, 2020. Later again, this date was extended further to 31st December, 2020. Therefore, earlier both the declaration and the payment without additional amount under the Vivad se Vishwas were required to be made by 31st December, 2020.

MINISTRY OF FINANCE

Finance Minister Smt. Nirmala Sitharaman leads Indian delegation in 10th Round of Ministerial UK-India Economic and Financial Dialogue

Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman led the Indian Delegation in the 10th Round of Ministerial UK-India Economic and Financial Dialogue (EFD), held in virtually through video conferencing.

The Indian delegation included representatives from Ministry of Finance, Reserve Bank of India and Securities and Exchange Board of India (SEBI). The UK delegation was led by Chancellor of Exchequer, Mr Rishi Sunak, with representatives from Her Majesty's Treasury, Bank of England and Financial Conduct Authority (FCA).

India and the United Kingdom enjoy close bilateral relations in diverse areas.India-UK economic ties are important as together they are two of the world's top seven economies with a combined GDP of over $5 trillion. India-UK trade has more than doubled since the first EFD in 2007, with bilateral investment supporting over half a million jobs across both countries

The Dialogue, inter alia, covered sharing of experiences on corona virus response, to enable both countries to be enriched through experiences of the other and collaboration in the G20 on finance track matters, including through G20 Framework Working Group and Debt Service Suspension Initiative (DSSI). Issues related to international tax agenda including development of inclusive consensus based solution on the taxation of digital economy was discussed. Deliberations on furthering of Financial Services Collaboration with special emphasis on Fin-Tech and GIFT City, establishment of an annual India-UK Financial Market Dialogue and measures underway to reform financial markets were also discussed. Infrastructure development and promotion of Sustainable Finance were also discussed with a focus on green finance. It was also decided to establish bilateral India- UK Sustainable Finance Forum. Private sector initiatives under India-UK Financial Partnership (IUKFP) and India-UK Sustainable Finance Working Group were welcomed. Hon'ble Finance Minister highlighted that the work being done by India's National Infrastructure Pipeline (NIP) and the City of London to ensure flows of sustainable finance.

The Dialogue concluded with the formal signing of the Joint Statement by Finance Minister of India Smt. Nirmala Sitharaman and Chancellor of Exchequer of United Kingdom Mr Rishi Sunak.

Please click **here** to access the Joint Statement of the 10th UK-India Economic and Financial Dialogue.

RESERVE BANK OF INDIA

Launching of Quarterly Industrial Outlook Survey (IOS): October-December 2020 (Round 92)

The Reserve Bank has launched the 92nd round of the quarterly Industrial Outlook Survey (IOS) of the Indian manufacturing sector for the reference period October-December 2020. The survey assesses business sentiment for the current quarter (Q3:2020-21) and expectations for the ensuing quarter (Q4:2020-21), based on qualitative responses on a set of indicators pertaining to demand conditions, financial conditions, employment conditions and the price situation. The survey provides useful insight into the performance of the manufacturing sector. Owing to continued uncertainty because of the Covid-19 pandemic, an additional block has been included in this survey round for assessing the outlook on key parameters for the two subsequent quarters (Q1:2021-22 and Q2:2021-22).

The results for the last survey round, i.e., for Q2:2020-21 were released in public domain on October 9, 2020.

M/s Hansa Research Group Private Limited has been authorised to conduct the survey for October-December, 2020 on behalf of the Reserve Bank. While the agency will approach selected companies, other manufacturing companies are also encouraged to participate in the survey by downloading the survey questionnaire from the Bank's website https://www.rbi.org.in/Scripts/BS_ViewForms.aspx?FCId=40, which is placed under the head 'Forms' (see 'More Links' at the bottom of the RBI Homepage) and the sub-head 'Survey'. The duly authenticated filled-in survey questionnaire may be e-mailed as per contact details given therein.

Identity of the respondents is not revealed.

In case of any query/clarification, kindly contact us at the following address:

The Director,
Division of Enterprise Surveys,
Department of Statistics and Information Management,
Reserve Bank of India, C-8, 2nd Floor, Bandra-Kurla Complex,
Bandra (East), Mumbai-400051.
Phone: 022-26578386, 022-26572197.
Please click here to send email.

(Yogesh Dayal)
Chief General Manager

Basic Statistical Return on Credit by Scheduled Commercial Banks in India - March 2020

The Reserve Bank released the web publication 'Basic Statistical Return on Credit by Scheduled Commercial Banks (SCBs) in India – March 2020'[1] on its Database on Indian Economy (DBIE) portal (web-link: https://dbie.rbi.org.in/DBIE/dbie.rbi?site=publications#!19). The publication provides information on various characteristics of bank credit, based on data submitted by SCBs (including Regional Rural Banks) under the annual Basic Statistical Return (BSR)-1 system, which collects information on type of account, organisation, occupation/activity and category of the borrower, district and population group of the place of utilisation of credit, rate of interest, credit limit and amount outstanding[2].

Main Findings:

- Personal loans continued to record robust growth: their share in total credit has gradually increased to 24.0 per cent in March 2020 from 16.6 per cent five years ago.
- Credit to the industrial sector moderated further and its share in total credit declined to 30.6 per cent in March 2020 from 41.2 per cent in March 2015.
- All bank groups recorded moderation in credit growth during 2019-20 though private sector banks continued to lead the growth.
- With consistently high growth in retail lending, the share of household sector [which includes individuals, Hindu undivided family (HUF), proprietary and partnership firms, among others] in total credit increased substantially to 51.0 per cent in March 2020 from 41.8 per cent in March 2015.
- Among individuals, female borrowers held 34.2 per cent of the loan accounts in March 2020 as compared with their 21.1 per cent share five years ago; the share of female borrowers in total loan amount also increased to 22.0 per cent from 17.9 per cent over this period.
- The number of credit accounts with SCBs increased by 17.3 per cent (Y-o-Y) during 2019-20 and stood at 27.25 crore accounts in March 2020 reflecting increased penetration of bank lending.
- Though less than one-fifth of the branches of SCBs were in the metropolitan areas, they accounted for 63.5 per cent of sanctioned credit and 59.3 per cent of credit utilisation.
- Among states, credit utilisation was the highest in Maharashtra (23.9 per cent), followed by national capital territory (NCT) of Delhi (13.0 per cent) and Tamil Nadu (9.3 per cent).

Ajit Prasad
Director