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# STATE GOVERNMENT

## Karnataka's New Textile & Garment Policy 2019-24 to Attract ₹ 10,000 Crore Investments

The Minister for Law and Parliamentary Affairs, JC Madhuswamy said: "the Cabinet has cleared a new textile policy. The 'New Textile & Garment Policy 2019-2024' brings in few changes to the existing policy, to make the State a leading destination in textile and apparel sector and to make the textile value chain into a gold mine value chain."

The State has emerged as the garment capital of India with 20 per cent of the national garment production. Karnataka also contributes to almost two-thirds of the industrial output.

Madhuswamy said Karnataka's exports amounted to₹5.48 lakh crore in 2016-17 which accounted to about 18.78 per cent of the country's exports. Also the State has a high impact on the production of raw materials and is one of the leading producers of silk. It contributes 49 per cent to mulberry silk, 12 per cent to wool and 6 per cent of cotton production in the country.

The Minister said, "The overall budget requirement for implementation of the policy is expected to be about ₹2,282.86 crore spread over the next eight to nine years. During the policy period (2019-24) the budget requirement is around ₹1,582.17 crore."

The new policy also provides for capacity building and vendor development, and envisages creation of centres of excellence for textiles/technical textiles.

For equitable investment flow into the State, the policy has come out with zonal classification. As per the classification: Zone 1 - Entire Hyderabad-Karnataka (HK) region, Zone 2 - all areas other than municipal corporations, district headquarters in non HK region. Zone 3 - all municipal corporations, district Head Quarters in non HK region and Zone 4 – Bengaluru urban and Bengaluru rural districts.
As for the incentives and subsidies, the policy has credit linked capital subsidy for MSMEs, large enterprises and interest subsidy for large enterprises, power subsidy for MSMEs and large enterprises.
The policy also aims to offer segment wise incentives like ginning, spinning, weaving (handloom and power looms), processing, integrated units, garmenting fashion/buying houses, technical textiles, silk and wool.

A special package is also available for mega units – for textiles this involves fixed investments above □300 crore and minimum employment of 350; for garments units it is for fixed investments above ₹ 200 crore and minimum employment of 3,000 people.

The new policy plans to offer cluster based development strategy for providing infrastructure development for greenfield textile parks, brownfield cluster development and common effluent treatment plant and hazardous waste disposal facility.

**Source: The Hindu Businessline October 31, 2019**

## Cabinet Panel to Formulate Package to Encourage Investments in Karnataka

The Karnataka government has constituted a four-member Cabinet sub-committee to work out a package of incentives and concessions to companies investing in the State.

Briefing reporters after a Cabinet meet chaired by Karnataka chief minister Chief Minister BS Yediyurappa, the Minister for Law and Parliamentary Affairs JC Madhuswamy said the sub-committee will work out a package of incentives and concessions under an industrial policy to address investments regarding mega and ultra-mega projects, Aerospace policy, Electric vehicle and energy storage policy and the textile and handloom policy.

The four-members are Chief Minister Yediyurappa as Chairman and Minister for Large and Medium Scale Industries Jagadish Shettar; Revenue Minister R Ashoka; and the Minister for Small Scale Industries (as of now vacant).

"This is being done as the existing industrial policy is to end shortly and other policies need to be fine-tuned as other States have also begun to offer attractive incentives and concessions," said Madhuswamy.

**Source: The Hindu Businessline October 04, 2019**

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# Over 800 Buses Branded 'Nimbus' to Ply on Bengaluru's Bus Priority Lanes

**Buses branded 'Nimbus' will ply on bus priority lanes jointly implemented by the BBMP, DULT, BMTC and BTP**

With bus priority lanes in Bengaluru set to be fully operational soon, the Bangalore Metropolitan Transport Corporation (BMTC) Wednesday branded buses running on the proposed routes as 'Nimbus'. With the tagline 'Commute Better', all buses in these lanes will carry the Nimbus logo.

Explaining the initiative, Anupam Agarwal, Director of IT, security and vigilance of BMTC told Indianexpress.com that the branding was picked after top officials of the corporation came together to brainstorm ideas for the same.

"Branding our buses running on bus priority lanes would help to set the right mindset among drivers and conductors operating in the route. With the logo engraved in over 800 buses that would run on the routes, once it is fully operational, commuters will also be able to identify buses to these routes easily," Agarwal said.

Meanwhile, the BMTC has also set on a digital outreach programme, trying to create a social media image on all major platforms like Facebook, Twitter, and Instagram.

"We observed that digital outreach is essential to ensure real-time contact with commuters using our services. This would enable users to share various concerns, suggestions and recommendations to us as well and would also help us take public-friendly decisions. While issues such as better routes, timings and frequency of buses deployed, the behaviour of staff, innovation in management, and many such will get a platform for discussion, we believe most concerns would be alleviated effectively," he said.
The BMTC has also decided to paint all buses running on these lanes green "for uniformity reasons". However, the AC Volvo Buses will remain blue in colour, according to officials.

**Pilot run on bus lanes underway; challenges aplenty**

As the pilot project on the Outer Ring Road (ORR) between KR Puram and Marathahalli is underway since Sunday, officials are now developing the infrastructure for the first phase of the project which is scheduled to begin from November 1.

However, bollards separating the bus lane, situated on the extreme left side of the road, have not been effective with other vehicles easily encroaching the bus lanes, resulting in minor accidents.

"While buses run faster than usual on these lanes, two-wheelers that try to cut across the bollards often get into accidental situations colliding with the buses. The tapes that were there between the bollards have come off after the first rains on Sunday itself and this seems to be ineffective," Raja S, a bus commuter said.

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**Source: Indian Express October 24, 2019**

## State Sees Robust H1 Revenue Growth at 14.90%, Despite Floods, Drought

Karnataka sees robust 14.90 per cent growth in revenue receipts in the first-half (April-September) of this fiscal (2019-20) at Rs. 87,350 crore compared with last year. Revenue receipts of the State includes its own tax revenue of Rs. 59,062 crore (growth of 15.25 per cent) and non-tax revenue of Rs. 2,919 crore (growth of 14.13 per cent).

Efficiency in tax collection has boosted Karnataka's revenue despite the havoc caused by floods and drought in the State. "This has affected the socio-economic conditions and has also adversely impacted investment in infrastructure and other development activities in the State," said Mid-Year Review of State Finances 2019-20 tabled in the Karnataka Legislative Assembly.

State's own tax revenue (SOTR) includes amongst others, the four major state taxes: commercial taxes, excise, motor vehicle taxes and taxes on stamps and registration.

Commercial taxes: With a collection of Rs. 38,831 crore, the State has achieved 18.5 per cent growth over the previous year and has achieved 51 per cent of budget estimates in tax collection during the first-half of 2019-20. Target for the whole fiscal is Rs. 76,046 crore.

### GST

Goods and Services Tax for the first-half, the SGST collection has been Rs. 12,859 crore and the State has received a net settlement of Rs. 9,007 crore from the IGST account. In the same period, Rs. 830 crore has been collected from VAT and other subsumed taxes. Taking into account all these revenues, an amount of Rs. 22,696 crore has been collected for first-half of the year 2019-20.

### Excise

State excise collection has fared well. As against the budgeted estimate of Rs. 20,950 crore, collection in the first-six months of this fiscal (2019-20) is 52 per cent that is Rs. 10,796 crore with a growth rate of 9.8 per cent over corresponding period in previous fiscal (2018-19).

Motor vehicle taxes: Following the national trend, vehicle sales in the State has also declined. The tax collection decreased by 15.8 per cent compared with last year. For the fist-half of 2019-20, revenue collection achieved is 41 per cent against the budget estimate of Rs. 7,100 crore.

### Stamps and registration

The receipts under stamps and registration tax collection are at 46 per cent of budget estimates and is growing at 9.3 per cent over that of corresponding period in 2018-19.

**Source: The Hindu Businessline October 12, 2019**

# AGRICULTURE AND FOOD PROCESSING

**Ministry of Agriculture & Farmers Welfare**
**Government of India**

**1 OCT 2019**

## 'Consumer App': A One Stop Solution for Consumer Grievance Redressal

In order to fast-track consumer grievance redressal process and provide an effective forum for consumers to give their valuable suggestions to the Department on consumer related issues, Union Minister of Consumer Affairs, Food and Public Distribution Shri Ram Vilas Paswan launched the 'Consumer App' today in Krishi Bhawan. Another bold step towards achieving the objective of 'Digital India', the app aims to provide a one stop solution for consumer grievance redressal at the palm of every consumer across the nation via mobile phones.

Addressing the media after launching the app, Shri Paswan said that complaint status will be monitored on a daily basis by the ministry and on a weekly basis by him personally. The registered consumer will be informed about their complaint via SMS/E-mail with a unique number which can be tracked by the consumer. The Minister further said that there will be time bound resolution of all grievances and those that are simple in nature will be resolved within 20 days while those that elicit a feedback from companies or further enquiries will be resolved within 2 months/60 days. Shri Paswan also said that if after 60 days the grievance is not resolved, the consumer will be advised to proceed to consumer fora. Also, now the consumer will be informed before closure of a complaint and if the consumer is not satisfied then the complaint will be referred further to the concerned department.

The Consumer App is loaded with various consumer centric features which will benefit both Consumers and the Government. Consumers can sign-up with an OTP (one-time password) and create an user ID and password to use the app. Consumers will now be able to lodge complaints / Grievances directly through this app which then will be taken up with companies for quick redressal. Feature to track the lodged grievances is also built in this app. Various important links that will be useful to the consumers are also available in the app.

The knowledgebase available in the app is a very useful feature that will help consumers get information pertaining to 42 Sectors including Consumer Durables, Electronic Products, e-commerce, Banking, Insurance, etc. Consumers can use this app in Hindi and English on both Android and IoS platforms. This App can be downloaded free of cost from Google Play Store or App Store for Apple. Consumers can also give their valuable suggestions through the Consumer App.

**Ministry of Agriculture & Farmers Welfare**
**Government of India**

**11 OCT 2019**

## Cooperatives Will Play a Key Role in Doubling Farmers' Income

The first ever 'India International Cooperatives Trade Fair' (IICTF) was inaugurated by the Union Minister for Agriculture and Farmers' Welfare Shri Narendra Singh Tomar at Pragati Maidan, New Delhi. The 3-day event was aimed at furthering Prime Minister Narendra Modi led government's vision and goal of doubling farmers' income by promoting cooperative-to-cooperative trade within India & abroad and promoting exports of key agriculture commodities and products leading to enhanced rural and farm prosperity.

Addressing the gathering at the inaugural ceremony, Shri Tomar said that today is a proud day for all as on this pure land of India, an event of this scale is being organised by NCDC along with the Ministry of Agriculture and Farmers' Welfare and Ministry of Commerce. The Minister said that it is the result of all their combined efforts that we have witnessed such wide participation not just from Indian cooperatives but also from International ones from 35 countries across the globe.

Shri Tomar expressed happiness and said that IICTF offers huge opportunity for the industry and business houses from India and abroad to build alliances, business networking, product sourcing and above all, interacting with the primary producers of a wide range of products and service providers. The Minister said that this event will introduce Indian products to a wider Indian and International market and also provide an opportunity for participating countries to showcase their products in the Indian market.

Union Agriculture Minister further added that cooperation is at the core of Indian values and culture. He said that any cooperative, if has good cooperative feeling then no one can stop it from progressing but if the cooperative feeling is missing then it will be difficult for them to progress and prosper. Shri Tomar said that this event is a historic occasion for discussing threadbare the challenges being faced by Cooperatives across the nation. Shri Tomar cited the example of Amul saying it is a cooperative which has succeeded in entering every home of the country.

In line with Government's focus on programmes like Start-up India and Stand-up India aimed at young entrepreneurs with new and innovative ideas, National Cooperative Development Corporation (NCDC) has formulated Yuva Sahakar-Cooperative Enterprise Support and Innovation Scheme 2019 which was also launched at the fair. Sahakar Bharati, the single largest organisation focusing on enlightening masses about the benefit of cooperative movement also showcased and launched their brand 'Simply desi' which will provide good marketing and branding opportunities for cooperatives.

# ECONOMIC & CORPORATE AFFAIRS

भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

**CIRCULAR**

SEBI/HO/CFD/CMD/CIR/P/2016/116 October 26, 2016

To

**All the Recognized Stock Exchanges**
**All Depositories**

Dear Sir/Madam,

**Sub: Freezing of Promoter and Promoter group Demat accounts for Non-compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

1. SEBI, vide Circular No. CIR/CFD/CMD/12/2015 dated November 30, 2015, had prescribed the uniform fine structure for non-compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Standard Operating Procedure for suspension and revocation of trading of specified securities.

2. It has been observed that some of the non-compliant listed entities have not paid the fines levied by the recognized stock exchange(s). In order to ensure effective enforcement, it has been decided in consultation with recognized stock exchanges to freeze the holdings of their promoters and promoter group entities in the manner specified below:

   2.1. Where a non-compliant listed entity fails to pay fine levied as per the notice issued by the concerned recognized stock exchange in terms of paragraph 4 of Annexure I of the aforesaid circular, the concerned recognized stock exchange shall, upon expiry of the period indicated in the notice issued by it, freeze holdings in other securities in the demat accounts of promoter and promoter group to the extent of liability which shall be calculated on a quarterly basis.

   2.2. In case of non-compliance for two consecutive periods, and failure to comply with the notice issued by the concerned recognized stock exchange as per paragraph 3 of Annexure II of the aforesaid circular, as per the current practice, the concerned recognized stock exchange shall forthwith intimate the depositories to freeze the entire shareholding of the promoter and promoter group in such listed entity. In addition to the freeze of shares in the non-compliant listed entity, the holdings in the demat accounts of promoter and promoter group in other securities shall also be frozen to theextent of liability which shall be calculated on a quarterly basis.

2.3. While freezing the holdings as per paragraphs 2.1 and 2.2 above, the recognized stock exchange shall have discretion in determining which of the securities and holdings of which promoter or promoter group entity are to be frozen.

3. T he depositories, shall furnish to the exchange upon receipt of request, all such information pertaining to holdings in the demat accounts of promoter and promoter group of such listed entities.

4. All provisions of Circular No. CIR/CFD/CMD/12/2015 dated November 30, 2015 shall continue to be applicable.

5. The stock exchanges and depositories shall implement the circular in coordination with one another.

6. The Stock Exchanges are advised to bring the provisions of this circular to the notice of listed entities and also to disseminate the same on their websites.

7. This circular shall come into force with immediate effect. The circular shall be applicable to all fines outstanding on or after the date of this circular levied in accordance with Circular No. CIR/CFD/CMD/12/2015 dated November 30, 2015 and Circular No. CIR/CFD/POLICYCELL/13/2013 dated November 18, 2013.

8. This circular is issued under regulations 97, 98, 99 and 102 read with regulation 101(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

9. This circular is available on SEBI website at www.sebi.gov.in under the categories "Legal Framework" and "Continuous Disclosure Requirements".

# FINANCE

**Ministry of Finance**
**Government of India**

1 OCT 2019

## Documentation Identification Number (DIN) System of CBDT launched

The Documentation Identification Number (DIN) system of Central Board of Direct Taxes (CBDT) has come into existence from today with the generation of about 17,500 communications with DIN on the very first day. This path breaking DIN system has been created as per the direction of Finance Minister Ms. Nirmala Sitharaman and from now onwards every CBDT communication will have to have a documentation identification number.

Revenue Secretary Dr. Ajay Bhushan Pandey said, "From today, any communication from Income Tax Department without a computer generated DIN, be it a notice, letter, order and summon or any other correspondence, would be treated as invalid and shall be non est in law or deemed to be as if it has never been issued. The DIN system would ensure greater accountability and transparency in tax administration."

"Now from today onwards, all such communications with DIN would be verifiable on the e-filing portal and no communication would be issued manually without DIN except only if it is in the specified exceptional circumstances", said Dr. Pandey.

It would be pertinent to mention here that while specifying such exceptional circumstances the CBDT Circular related to DIN dated 14.08.2019 says that whenever any such manual communication would be issued, it would be necessarily required to specify reason of issuing such a communication without DIN along with the date of obtaining written approval of the Chief Commissioner/Director General of Income Tax in a particular format. Any communication which is not in conformity of with the prescribed guidelines shall be treated as invalid and non est in law.

CBDT has specified that any communication issued manually under exceptional circumstances would have to be uploaded and regularised on the system portal within 15 days of its issuance.

CBDT has also stated that all pending assessment proceedings, where notices were earlier issued manually, prior to the DIN related Circular dated 14.08.2019 coming into existence, all such cases would be identified and notices so sent would be uploaded on ITBA by the end of this month, i.e., by 31st Oct 2019.

This is in pursuance of the directions by the Hon'ble Prime Minister in which he has asked the Department of Revenue to come up with specific measures to ensure that the honest taxpayers are not harassed and served better. It may be noted that earlier there have been some instances where it was not possible to maintain the audit trail of the manually issued communication which in some cases caused inconvenience to taxpayers sometime. However, with the present system of attaching a DIN to every notice or communication of CBDT would result in better services to taxpayers without any possible harassment.

**Ministry of Finance**
**Government of India**

**30 OCT 2019**

## PFRDA Permitted Now Overseas Citizen Of India to Enroll in NPS at Par with Non-Resident Indians

Pension Fund Regulatory and Development Authority (PFRDA) has now permitted Overseas Citizen of India (OCI) to enroll in National Pension Scheme (NPS) at par with Non-Resident Indians vide Circular No: PFRDA/2019/19/PDES/3 dated 29th October 2019. The Government vide notification S.O. 3732(E) dated 17th October, 2019 on Foreign Exchange Management (Non-debt Instruments) Rules, 2019 of Dept. of Economic Affairs, has specified that an OCI may subscribe to the National Pension System governed and administered by PFRDA, provided such person is eligible to invest as per the provisions of the PFRDA Act and the annuity/accumulated saving will be repatriable, subject to FEMA guidelines.

Contributions made towards NPS are eligible for an additional tax deduction under section 80CCD(1B) upto Rs. 50,000 which is over and above the Rs 1,50,000 limit of deduction available under sec 80CCD(1). In the Union Budget 2019, the tax exemption limit for lumpsum withdrawal on exit/maturity from NPS has been increased from the present 40% to 60% under section 10(12A) of the IT Act and the remaining 40% of the corpus is already tax-exempt as it is mandatorily utilized for annuity purchase.

**About PFRDA:**

Pension Fund Regulatory and Development Authority (PFRDA) is the statutory Authority established by an enactment of the Parliament, to regulate, promote and ensure orderly growth of the National Pension System (NPS) and pension schemes to which this Act applies. NPS was initially notified for central government employees joining service on or after 1st Jan 2004 and subsequently adopted by almost all State Governments for its employees. NPS was extended to all citizens of Indian on voluntary basis from May 2009 and to corporates in December 2011 and to Non-Resident Indians in October 2015.

As on 26th October 2019, the total number of subscribers under NPS and Atal Pension Yojana has crossed 3.18 crores and the Asset under Management (AUM) has grown to Rs. 3,79,758 crores. More than 66 lakhs government employees have been enrolled under NPS and 19.2 lakhs subscribers have subscribed to NPS in the private sector with 6,812 entities registered as corporates.

PFRDA in its endeavor to promote and develop NPS has taken several initiatives towards increasing the pension coverage in the country. Now, any Indian citizen, resident or non-resident and OCIs are eligible to join NPS till the age of 65 years.

**Ministry of Finance**
**Government of India**

**31 OCT 2019**

## Status Report on Implementation of Several Measures Announced by Finance Minister to Boost Economy

The Finance Minister, Smt. Nirmala Sitharaman had announced several short and long-term measures to boost economy on 23.08. 2019, 30.8.2019 and 14.09.2019.

Out of these a total number of thirty-two measures were announced on 23.08.2019 to boost the economy. Out of these, thirteen (13) announcements have been fulfilled. In respect of twelve (12) measures announced on 14.09.2019 to boost exports, three (3) announcements have been fulfilled. The rest of the announcements are under active consideration by relevant Ministries. Further, action on one (1) out of three announcements made for the housing has been completed and action on other two (2) is also being taken.

A Status Report on fulfilled announcements and those under advanced stage of implementation are reported below: -

### I. Announcements implemented

| a. Announcements made on 23.08.2019 | |
|---|---|
| 1. | CSR violations not to be treated as criminal offence: It has been decided that sub-section related to treating CSR violations as criminal offences will not be notified. Hence CSR violations will not be treated as criminal offences. |
| 2. | Issue of IT orders, notices, summons, letters etc through a centralized system: Circulars for e-assessment scheme, Document identification number, compounding of past offences, prosecution easing matters have been issued by Department of Revenue. It is expected that implementation of these instructions will lead to significant improvement in ease of doing business. |
| 3. | Relief from enhanced surcharge on Long-term/Short-term Capital Gains: An Ordinance has been issued on 20.9.2019 amending the Income Tax Act. |
| 4. | Withdrawal of Angel Tax provisions for Startups and their investors: CBDT has issued a consolidated circular for assessment of start-ups (available at CBDT website) and a Start-up Cell under Member (IT&C) has been constituted. |

| | |
|---|---|
| 5. | Banks to effect timely rate cuts: All 18 PSBs have reviewed their lending rates and are periodically effecting rate cuts as per the MCLR framework prescribed by RBI. |
| 6. | Banks to launch Repo rate /external benchmark linked loan products: All PSBs have introduced Repo Rate Linked Products (RRLP).New RBI notification dated 04.09.2019 has also mandated that all scheduled commercial banks introduce repo-linked home loan products and external benchmarked linked floating rate loans for retail and MSME borrowers w.e.f. 1.10.2019. |
| 7. | For Customer Ease, it was announced that PSBs will ensure mandated return of loan documents within 15 days of loan closure: All 18 PSBs have informed that the 15 day norm for return of security documents of loans is in place. As per latest data reported by PSBs, in 99.5% (3.59 lakh accounts out of 3.61 lakh loan accounts closed since 23.8.2019 till 30.9.2019), security documents were released within 15 days of loan closure. |
| 8. | Protecting honest decision making: CVC has communicated that the recommendations of the Internal Advisory Committee of the bank regarding classification of a case as vigilance or non-vigilance as accepted by DA & CVO will be treated as final. Further, a committee comprising of an Ex-Vigilance Commissioner has been set up. |
| 9. | Removal of Debenture redemption reserve: Ministry of Corporate Affairs vide Gazette Notification has issued Companies (Share Capital and Debentures) Amendment Rules, 2019. Since the Ministry of Corporate Affairs has already amended the rules pertaining to DRR, SEBI has clarified that no further amendment is required to be carried in ILDS regulations. |
| 10. | BS IV vehicles purchased till 31.3.2020 to remain operational for entire period of registration: Ministry of Road Transport and Highways has clarified that all the BS-IV vehicles registered on or before 31.3.2020 will remain operational for the entire period of registration. |
| 11. | Revision of one-time registration fees : M/o RT&H has deferred the increase of one-time registration fees. |
| 12. | Higher depreciation for all vehicles: Notification vide Income-tax (9th Amendment) Rules, 2019, providing for higher depreciation for all vehicles has been issued on 20th September 2019 by CBDT. |
| 13. | Ministry of Road Transport and Highways have clarified that both electric and internal combustion engine based vehicles will continue to be registered as long as they meet safety and emissions standards. |

**b. Announcements to boost exports and Housing on 14.09.2019**

| | |
|---|---|
| 1. | Revised Priority Sector Lending (PSL) norms for Export Credit: RBI has issued orders on Sept 20th 2019 enhancing sanction limits for eligibility of export credit under PSL from Rs 25 crore to Rs 40 crore per borrower and removing overall turnover limit of Rs 100 cr. |
| 2. | Online "Origin Management System": a Common Digital Platform for Issuance of electronic Certificates of Origin (CoO), has been launched on 16.09.2019. |
| 3. | Fully automated electronic refund route for ITC: The integrated refund module along with single disbursement has been deployed w.e.f 26.09.2019. |
| 4 | House Building Allowance: orders regarding linking of interest rate of HBA with 10 Year G Sec Yields issued. |

**II. Announcements with significant Progress**

**a. Announcements made on 23.08.2019:**

| | |
|---|---|
| 1. | Support to NBFCs/HFCs: the NHB Board has approved additional liquidity support to HFCs of Rs. 20,000 crore taking the total to Rs. 30,000 crore. PSBs have been supporting NBFCs. PSBs have extended total support of Rs 2.56 Lakh crore to NBFCs by way of credit and pool buyout since September 2018.<br><br>Further, under the Partial Guarantee scheme, till 16.10.2019, PSBs have accorded sanction to purchase of Rs 21,580 crore worth of pooled assets under the scheme, and proposals for execution of guarantee are under process. |
| 2. | Upfront release of Rs. 70,000 Cr., additional lending and liquidity to the tune of ~ Rs 5 Lakh crore by providing upfront Capital to PSBs : Upfront release of capital to PSBs has been effected, with Rs.60,314 crore being infused in banks in September,2019 through recapitalisation bonds, including Rs.4557 crore in IDBI Bank. |
| 3. | Co-origination of loans by PSBs jointly with NBFCs: Till 16.10.2019, 8 PSBs had a total of 16 tie-ups in place for co-origination of loans with NBFCs/HFCs<br><br>PSBs have also done outreach programme in 400 districts during the festive season in Oct 2019 and have tied up/invited NBFCs/HFCs/MFIs to partner in extending credit to last mile customers. |

| | |
|---|---|
| 4. | GST Refund to MSME within 30 days: A refund drive was organised from 01.09.2019 to 22.09.2019 The amount of refund pending as on 23.08.2019 was Rs. 10,841 crore and of this claims of Rs. 10,490 crore (97 percent) have been disposed up to 24.10.2019. |
| 5. | Simplified KYC for FPIs: SEBI has informed that the Working Group set-up under the Chairmanship of Shri. H. R. Khan had recommended measures to simplify KYC requirement for FPIs. The recommendations have been approved by the SEBI Board on August 21, 2019. SEBI is expected to issue necessary circulars. |
| 6. | Rs. 100 lakh crores for developing modern infrastructure over 5 years: A Task Force under the chairmanship of Secretary, DEA, has been constituted, to draw up a National Infrastructure Pipeline for each of the years from FY 2019-20 to FY 2024-25. So far 12 meetings of Task Force has been held and deliberation with 17 Ministries/Departments have been completed. |
| 7. | Boosting demand of vehicles: Department of Expenditure vide O.M. No.7(1)/E.Coord./2019 dated 17.09.2019 lifted the ban on purchase of new vehicles by Ministries/Departments. Scrappage policy has been formulated and circulated for |
| | comments of stakeholders/general public by 15.11.2019. |
| 8. | The Depository Receipt Scheme 2014: Department of Revenue, vide Gazette notification dated 18th September 2019 has notified the requisite Prevention of Money Laundering (Maintenance of Records) Fourth Amendment Rules 2019 for facilitating the DR Scheme. SEBI, vide circular dated October 10, 2019 has issued the framework for issue of Depository Receipts, Department of Revenue would notify the list of permissible jurisdictions where beneficial ownership requirements will be relaxed and the Depository Receipts scheme will be operational on the issue of the same. |

# MONETARY POLICY STATEMENT

**Fourth Bi-monthly Monetary Policy Statement, 2019-20**
**Resolution of the Monetary Policy Committee (MPC)**
**Reserve Bank of India**

On the basis of an assessment of the current and evolving macroeconomic situation, the Monetary Policy Committee (MPC) at its meeting today (October 4, 2019) decided to:

- reduce the policy repo rate under the liquidity adjustment facility (LAF) by 25 basis points to 5.15 per cent from 5.40 per cent with immediate effect.

Consequently, the reverse repo rate under the LAF stands reduced to 4.90 per cent, and the marginal standing facility (MSF) rate and the Bank Rate to 5.40 per cent.

- The MPC also decided to continue with an accommodative stance as long as it is necessary to revive growth, while ensuring that inflation remains within the target.

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 main considerations underlying the decision are set out in the statement below.

**Assessment**

*Global Economy*

2. Since the MPC's last meeting in August 2019, global economic activity has weakened further. Heightened uncertainty emanating from trade and geo political tensions continues to cloud the outlook. Among advanced economies (AEs), the slowdown in the US economy in Q2:2019 appears to have extended into Q3:20,19 weighed down by softer industrial production. The Institute for Supply Management's index for September indicates that manufacturing slipped further into contraction to touch its lowest reading in a decade; hiring by the private sector also slowed down In the Euro area too, incoming data suggest that activity may have moderated further in Q3, with retail sales decliningand manufacturing PMI remaining in contraction for the eighth consecutive month in September. The UK economy decelerated in Q2; the contraction in industrial production and soft retail sales in July suggest that the loss of speed has continued into Q3 as well. In Japan, the loss of momentum in Q2 spilled over into Q3, *albeit* cushioned by a fiscal stimulus and frontloaded consumer spending ahead of a planned sales tax hike.

3. The macroeconomic performance of major emerging market economies (EMEs) was weighed down by a deteriorating global environment in Q3. The Chinese economy appears to have slowed down in Q3 as well, with both retail sales and industrial production growth weakening in July-August and exports contracting in August; attention is now focussed on the efficacy of fiscal and monetary policy stimuli in averting a sharper deceleration. In Russia, economic activity ticked up in Q2, though still subdued consumer sentiment and weak industrial production may restrain momentum, going forward. Economic activity in both South Africa and Brazil rebounded in Q2, emerging out of contraction in the previous quarter; however, this nascent recovery faces both domestic and external headwinds.

4. Crude oil prices were pulled down by softer demand, amidst adequate supplies in early August. Prices remained range bound until mid September when supply disruptionsno account of an escalating geo-political conflict resulted in a spike which has abated faster than expected. Gold prices remained elevated on safe haven demand. Central banks became more accommodative with inflation remaining below targets across major AEs and EMEs.

5. Global financial markets have remained unsettled since the MPC's early August meeting with bouts of volatility unleashed by protectionist policies and worsening global growth prospects. In the US, the equity market's August losses were recouped by early September – investor sentiment was buoyed by signs of an easing in US-China trade tensions. Stock markets in EMEs fell, as the strong US dollar led to capital outflows, though they recovered partially in September. Bond yields in the US continued easing till August on growth worries, before a slight uptick was triggered in early September by better than expected US retail sales data and hopes of conciliatory trade negotiations between the US and China. In the Euro area, bond yields sank further into negative territory, propelled by the cut in the deposit rate by the European Central Bank (ECB) to (-) 0.5 per cent and the reintroduction of quantitative easing. In EMEs, bond yields exhibited mixed movements, driven by country-specific factors. In currency markets, the US dollar strengthened against currencies of other AEs. EME currencies, which were trading with a depreciating bias in August, appreciated in early September on country specific factors and a revival of global risk-on sentiment.

*Domestic Economy*

6. On the domestic front, growth in gross domestic product (GDP) slumped to 5.0 per cent in Q1:2019-20, extending a sequential deceleration to the fifth consecutive quarter. Of its constituents, private final consumption expenditure (PFCE) slowed down to an 18-quarter low. Gross fixed capital formation (GFCF) improved marginally on a sequential basis but remained muted as in the preceding quarter. Government final consumption expenditure (GFCE) cushioned the overall loss of momentum to some extent.

7. On the supply side, gross value added (GVA) growth decelerated to 4.9 per cent in Q1:2019-20, pulled down by manufacturing growth, moderating to 0.6 per cent. Agriculture and allied activities were lifted by higher production of wheat and oilseeds during the 2018-19 *rabi* season. Growth in the services sector was stalled by construction activity.

8. Turning to Q2:2019-20, the initial delay in the onset of the south west monsoon rapidly caught up from July. By September 30, 2019 the cumulative all-India rainfall surpassed the long period average (LPA) by 10 per cent. The first advance estimates of

major *kharif* crops for 2019-20 have placed production of foodgrains 0.8 per cent lower when compared with the last year's fourth advance estimates. Looking ahead at the *rabi* season, the live storage of water in major reservoirs was 115 per cent of the live storage of the corresponding period of the previous year on September 26, 2019 and 121 per cent of average storage level over the last ten years. Abundant rains in August and September have led to improved soil moisture conditions in most parts of the country, particularly central India, compared to the corresponding period of the last year. Overall, the prospects of agriculture have brightened considerably, positioning it favourably for regenerating employment and income, and the revival of domestic demand.

9. Industrial activity, measured by the index of industrial production (IIP), weakened in July 2019 (y-o-y), weighed down mainly by moderation in manufacturing. In terms of uses, the production of capital goods and consumer durables contracted. Consumer non-durables, led by edible oils, and intermediate goods, mainly mild steel slabs, posted sustained expansion and have emerged as potential growth drivers. Infrastructure/construction sector activity turned around to register a growth of 2.1 per cent vis-à-vis (-)1.9 per cent in the previous month. The output of eight core industries contracted in August, pulled down by coal, electricity, crude oil and cement. Capacity utilisation (CU) in the manufacturing sector, measured by the OBICUS (order books, inventory and capacity utilisation survey) of the Reserve Bank, declined to 73.6 per cent in Q1:2019-20 from 76.1 per cent in the previous quarter. However, seasonally adjusted CU rose to 74.8 per cent in Q1:2019-20 from 74.5 per cent in Q4:2018-19. Manufacturing firms polled for the industrial outlook survey (IOS) expect capacity utilisation to moderate in Q2:2019-20. The Reserve Bank's business assessment index (BAI) fell in Q2:2019-20 due to a decline in new orders, contraction in production, lower capacity utilisation and fall in profit margins of the surveyed firms. The manufacturing purchasing managers' index (PMI) for September 2019 was unchanged at its previous month's level; new orders and employment improved, *albeit* marginally, and new export orders declined.

10. High frequency indicators suggest that services sector activity weakened in July-August. Indicators of rural demand, *viz.*, tractor and motorcycles sales, contracted. Of underlying indicators of urban demand, passenger vehicle sales contracted in July-August, while domestic air passenger traffic accelerated in August. The sales of commercial vehicles, a key indicator for the transportation sector, contracted by double digits in July-August. Of the two indicators of construction activity, finished steel consumption decelerated sharply in August and cement production contracted. The services PMI moved into contraction in September 2019, dragged down mainly by a decline in new business inflows.

11. Retail inflation, measured by y-o-y changes in the CPI, moved in a narrow range of 3.1- 3.2 per cent between June and August. While food inflation picked up, fuel prices moved into deflation. Inflation excluding food and fuel softened in August.

12. Food inflation in August was elevated by a spike in the rate of increase in vegetables prices, a pick-up in pulses inflation and persistently high meat and fish inflation. On the other hand, softer increases in prices of eggs, oils and fats, non-alcoholic beverages and prepared meals, and deflation in prices of fruits and sugar cushioned the rise in overall food inflation.

13. Deflation in the fuel group deepened in August largely due to the pass-through from a sharp decline in international prices of liquified petroleum gas (LPG). Subsidised kerosene prices, however, have been rising in a calibrated manner as oil marketing companies continued a gradual reduction in subsidies.

14. CPI inflation excluding food and fuel increased in July, but its roots were largely confined to prices of personal care and effects – mainly bullion prices, and transport and communication, reflecting rise in prices of petrol and diesel. By contrast, there was moderation in August, which was spread across most of the sub-groups; however, gold prices spiked further on global uncertainties.

15. The Reserve Bank's September 2019 round of inflation expectations survey indicates that households expect inflation to rise by 40 basis points over a 3-month ahead horizon and 20 basis points over a one-year ahead horizon, possibly responding adaptively to the rise in food prices in recent months. The Reserve Bank's consumer confidence survey shows weak consumer sentiment and tepid consumption demand, especially relating to non essential items. Manufacturing firms see weakening of demand conditions in Q2:2019-20 and Q3 and expect their output prices to soften, going forward, as the cost of finance and salary outgoes remain muted.

16. Overall liquidity remained surplus in August and September 2019 despite expansion of currency in circulation and forex operations by the Reserve Bank draining liquidity from the system. Net daily average absorption under the LAF amounted to ₹1,40,497 crore in August, essentially on account of spending by the government, which resulted in availment of ways and means advances (WMA) and intermittent overdraft facilities from the beginning of the month (till August 25, 2019). In September, with a steady build-up of cash balances, particularly with advance tax inflows around September 15, surplus liquidity moderated, and the Reserve Bank undertook daily net absorption of ₹1,22,392 crore in September. Reflecting easy liquidity conditions, the weighted average call rate (WACR) traded below the policy repo rate (on an average) by 8 basis points (bps) in August and by 6 bps in September.

17. Monetary transmission has remained staggered and incomplete. As against the cumulative policy repo rate reduction of 110 bps during February-August 2019, the weighted average lending rate (WALR) on fresh rupee loans of commercial banks declined by 29 bps. However, the WALR on outstanding rupee loans increased by 7 bps during the same period.

18. Net exports had contributed to aggregate demand in Q1:2019-20 on account of a deeper contraction in imports relative to exports. In Q2, merchandise exports remained weak in July and August 2019, caused by lower shipments of engineering goods, petroleum products, gems and jewellery and cotton yarn. Imports contracted faster during the period mainly due to lower international crude oil prices downsizing the oil import bill and a large fall in the volume of gold imports. Non-oil non-gold imports were pulled down into contraction by coal, pearls and precious stones and transport equipment. These developments led to a narrowing of the trade deficit during July-August 2019. Higher net services receipts and private transfer receipts helped contain the current account deficit to 2.0 per cent of GDP in Q1:2019-20 from 2.3 per cent a year ago. On the financing side, net

foreign direct investment rose to US$ 17.7 billion in April-July 2019 from US$ 11.4 billion a year ago. Net foreign portfolio investment (excluding the voluntary retention route) was of the order of US$ 3.3 billion during April-September 2019 as against net outflow of US$ 11.5 billion in the same period of last year. Net disbursals of external commercial borrowings rose to US$ 8.2 billion during April-August 2019 as against net repayments of US$ 0.2 billion during the same period a year ago. India's foreign exchange reserves were at US$ 434.6 billion on October 1, 2019 – an increase of US$ 21.7 billion over end-March 2019.

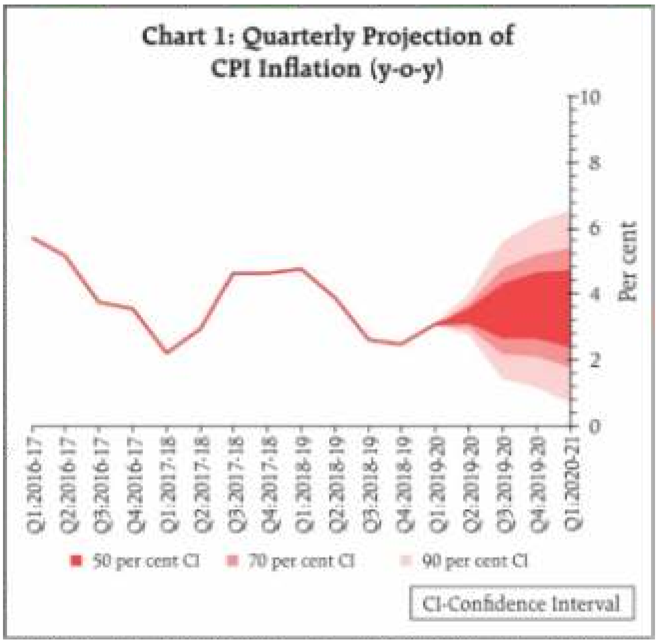
**Outlook**

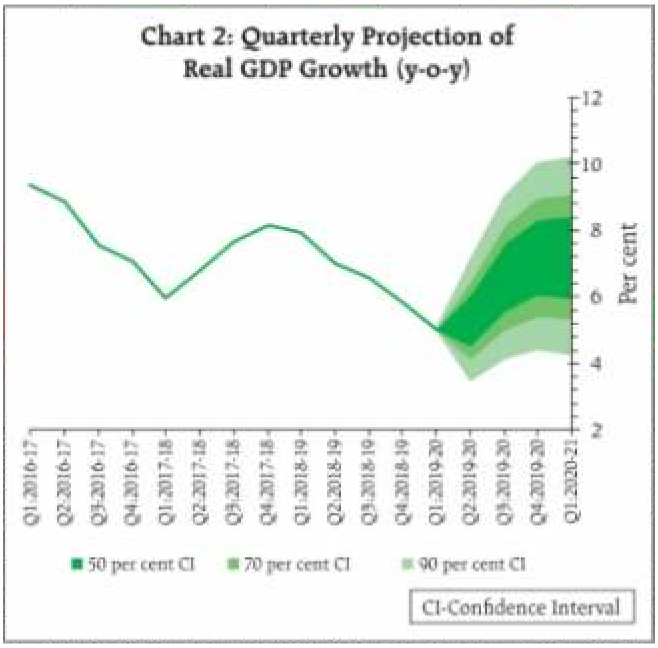
19. In the third bi-monthly resolution of August 2019, CPI inflation was projected at 3.1 per cent for Q2:2019-20, 3.5-3.7 per cent for H2:2019-20 and 3.6 per cent for Q1: 2020-21 with risks evenly balanced. The actual inflation outcomes for Q2 so far (July-August) at 3.2 per cent have been broadly in line with these projections.

20. Going forward, several factors are likely to shape the inflation trajectory. First, the outlook for food inflation has improved considerably since the August bi-monthly policy. *Kharif* production is estimated at close to last year's level, auguring well for the overall food supply situation. Vegetable prices may remain elevated in the immediate months but are likely to moderate as winter supplies enter the market. Prices of pulses are expected to remain contained by adequate buffer stocks. Secondly, forward looking surveys conducted by the Reserve Bank point to weak demand conditions persisting, with indications of softening of output prices in Q3:2019-20. Accordingly, price pressures in CPI excluding food and fuel are likely to be muted. Thirdly, crude oil prices may remain volatile in the near-term; while global demand is slowing down, the persisting geo-political uncertainties pose some upside risks to the inflation outlook. Fourthly, three-month and one-year ahead inflation expectations of households polled by the Reserve Bank have risen in the current round reflecting near-term price pressures. Finally, financial markets remain volatile with currencies of several emerging market economies trading with a depreciating bias in the recent period. Taking into consideration these factors and the impact of recent policy rate cuts, the CPI inflation projection is revised slightly upwards to 3.4 per cent for Q2:2019-20, while projections are retained at 3.5-3.7 per cent for H2:2019-20 and 3.6 per cent for Q1:2020-21, with risks evenly balanced (Chart 1).

21. Turning to the growth outlook, real GDP growth for 2019-20 in the August policy was projected at 6.9 per cent – in the range of 5.8-6.6 per cent for H1:2019-20 and 7.3-7.5 per cent for H2 – with risks somewhat tilted to the downside; GDP growth for Q1:2020-21 was projected at 7.4 per cent. GDP growth for Q1:2019-20 was significantly lower than projected. Various high frequency indicators suggest that domestic demand conditions have remained weak. The business expectations index of the Reserve Bank's industrial outlook survey shows muted expansion in demand conditions in Q3. Export prospects have been impacted by slowing global growth and continuing trade tensions. On the positive side, however, the impact of monetary policy easing since February 2019 is gradually expected to feed into the real economy and boost demand. Several measures announced by the Government over the last two months are expected to revive sentiment and spur domestic demand, especially private consumption. Taking into consideration the above factors, real GDP growth for 2019-20 is revised downwards from 6.9 per cent in the August policy to 6.1

per cent – 5.3 per cent in Q2:2019-20 and in the range of 6.6-7.2 per cent for H2:2019-20 – with risks evenly balanced; GDP growth for Q1:2020-21 is also revised downwards to 7.2 per cent (Chart 2).




22. The MPC notes that the negative output gap has widened further. While the recent measures announced by the government are likely to help strengthen private consumption and spur private investment activity, the continuing slowdown warrants intensified efforts to restore the growth momentum. With inflati on expected to remain below target in the remaining period of 2019-20 and Q1:2020-21, there is policy space to address these growth concerns by reinvigorating domestic demand within the flexible inflation targeting mandate. It is in this context that the MPC decided to continue with an accommodative stance as long as it is necessary to revive growth, while ensuring that inflation remains within the target.

23. All members of the MPC voted to reduce the policy repo rate and to continue with the accommodative stance of monetary policy. Dr. Chetan Ghate, Dr. Pami Dua, Dr. Michael Debabrata Patra, Shri Bibhu Prasad Kanungo and Shri Shaktikanta Das voted to reduce the repo rate by 25 basis points. Dr. Ravindra H. Dholakia voted to reduce the repo rate by 40 basis points.

24. The minutes of the MPC's meeting will be published by October 18, 2019.

25. The next meeting of the MPC is scheduled during December 3-5, 2019.

**(Yogesh Dayal)**
**Chief General Manager**

**Press Release: 2019-2020/865**

## LABOUR / COMMERCE AND INDUSTRY /HR / ENVIRONMENT

**Ministry of Commerce & Industry**
**Government of India**

**14 OCT 2019**

### DPIIT Launches Website And Mobile App For IPR

Secretary Department for Promotion of Industry and Internal Trade (DPIIT), Guruprasad Mohapatra launched the website and mobile application [Learn to Protect, Secure and Maximize Your Innovation] on Intellectual Property Rights (IPRs) today in New Delhi. The website and app has been developed by Cell for IPR Promotion and Management (CIPAM)-DPIIT in collaboration with Qualcomm and National Law University (NLU), Delhi.

Speaking on this occasion, Secretary DPIIT said that it is an important project taken up by the Department as both the website and app will be very useful to the startup community which holds great promise for India and its economy. Startups are more tuned into investment and risk taking but lack legal knowledge and today when we are on the threshold of the fourth industrial revolution the interface between technology and law is growing and therefore it is very essential that a specialised website and app is available to help startups with the IP process, added Secretary DPIIT.

The modules of this e-learning platform [L2Pro India IP e-learning Platform and the L2Pro India Mobile App] will aid and enable youth, innovators, entrepreneurs and small and medium industries (SMEs) in understanding IPRs for their ownership and protection, integrate IP into business models and obtain value for their R&D efforts. The L2Pro has been successfully implemented in Germany, United Kingdom, Italy and France, benefiting immensely from close collaboration with respective IP organizations and public research institutions. The learning app has been customized for India in order to ensure that innovation which is fundamental to startups are protected, managed and commercialised.

The L2Pro India IP e-learning platform will have 11 modules for three different levels: Basic, Intermediate and Advanced. Each module comprises of e-text for understanding concepts, short animated videos of the concepts, links to additional resources on the subject and quizzes for assessment and grading the learner's knowledge and understanding of the subject. Learners will access the L2Pro IP e-learning platform through their desktop, laptop, mobile browser and mobile application (available on Android & iOS), and will be provided e-certificates by CIPAM-DPIIT and NLU Delhi and Qualcomm on successful completion of the e-learning modules.

For the launch of the website and mobile app Alex Rogers, Executive Vice President at Qualcomm, Prof. Ranbir Singh, Vice Chancellor of NLU, Delhi and other senior officials of DPIIT and CIPAM were present.

**Ministry of Environment, Forest and Climate Change**
**Government of India**

**7 OCT 2019**

## India to Shift to BS VI Vehicular Emission Norms by April Next Year

Efforts of the Central Pollution Control Board are resulting in more 'good days' in terms of environment in the National Capital Region of Delhi. Giving details at a Press Conference in New Delhi today, Union Minister for Environment, Forest and Climate Change, Shri Prakash Javadekar, said that a high level meeting of the five States to address the problem of air pollution in Delhi, due to stubble burning will be held soon. To control stubble burning, the government has given more than 20 thousand machines to farmers in Punjab and Haryana at a cost of about Rs.1150 crore, the Minister said.

Shri Javadekar said "Recognition of existence of a problem is beginning of solution of the problem. The pollution problem of Delhi-NCR started aggravating since 2006 and was not recognized till 2014. In 2015, under the supervision of Prime Minister Shri Narendra Modi, Air Quality Index (AQI) was launched. Today, 113 AQI monitoring stations are present in Delhi-NCR and 29 more are to be installed soon". The Minister highlighted that out of 273 days till 30th September in 2019, number of 'Good', 'Satisfactory' and 'Moderate' days were 165 as against 104 in 2016.

The Minister further informed that Bharat Stage Six (BS VI), is a revolutionary step in the transformation of fuels. He added that there has been 80% reduction in Particulate Matter emissions and 30% reduction in Nitrogen Oxides emissions in BS IV heavy duty diesel vehicles compared with BS III norms. Nearly ₹60,000 Cr were spent on switching over to BS VI fuels. "The Country will shift to BS VI vehicular emission norms from BS IV by April 2020. BS VI petrol/diesel is already available in Delhi/NCR", said Shri Javadekar.

Terming the launch of green fire crackers with green logo and QR coding system on Saturday, a historic initiative, the Minister advised not to burst crackers this Diwali. However, if one chooses to, then opt for the green crackers which is aimed at reducing pollution and health risks, Shri Javadekar said.

Pointing out various efforts undertaken to control pollution, Shri Javadekar stated "From today onwards, 46 teams of Central Pollution Control Board (CPCB) are taking stock of pollution levels in Delhi-NCR and will take appropriate action wherever needed".

The Minster highlighted that the creation of Eastern and Western Peripheral Expressways, completed at cost of about ₹17000 Cr, has now led to 40000 goods vehicles, which are not destined for Delhi, to be diverted away from national capital, leading to a great positive impact on pollution.

Talking of initiatives relating to e-mobility and Delhi Metro Rail Corporation network, Shri Javadekar said, 377 Km of metro lines with 274 stations, is catering to more than 30 lakh passengers daily in an environmentally friendly manner. He termed it has one of the best systems of public transport in the world because of which more than 4 lakh vehicles are avoided on roads, thereby, reducing pollution.

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