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• India’s merchandise exports also posted a turnaround with annualized growth turning positive (at 5.3% YoY) in September after six consecutive months of contraction.

• Broad sentiment indicators of economic activity like PMI-Manufacturing has reverted to expansion territory since August while PMI-Services (though still in contraction territory) stood at its highest lockdown level in September.

While these signals are encouraging, we do need to acknowledge the unknown risks from a potential second wave of COVID infection (as seen in most countries in Europe) and also the hysteresis impact from dislocations in supply chains, labour market, as well as consumer behaviour on account of the lockdown.

Bharat Abhiyan in May 2020 amalgamated most policy interventions with a total corpus of approximately Rs 21 lakh crores.

The growth of India’s personal protective equipment (PPE) sector from scratch before March 2020 to making 15 lakh pieces a day by May 2020 showcases India’s potential in meeting some of the global challenges and opportunities.

Policy interventions triggered under the Atmanirbhar Bharat Abhiyan have been complemented by other announcements by associated policymakers encompassing the four Ls, viz. Land, Labour, Liquidity, and Legal Framework. This is a welcome step as India needed an economic reset with factor market / institutional reforms post the 1991 liberalisation.

The Economy has been showing signs of recovery:

• The GST collections for October stood at Rs 1.05 lakh cr, crossing the psychologically important threshold of Rs 1 lakh cr for the first time since February.

• From a peak contraction of 37.9% YoY in April, India’s Core Infrastructure Index recorded a turnaround.

Wishing you a very Happy Diwali and Prosperous New Year. Pray the festival of light ushers in a year filled with Happiness, Prosperity and Good Health.

IMC, through its 26-specific expert committees continues to provide policy inputs and recommendations at various levels of government and organize activities where eminent business and government leaders engage with our members.

IMF has continued to project a deep recession in 2020. Global growth is projected to be -4.4 percent, an upward revision of 0.8 percent compared to the IMF’s June update. This upgrade owes to somewhat less dire outcomes in the second quarter, as well as signs of a stronger recovery in the third quarter, offset partly by downgrades in some emerging and developing economies. In 2021 growth is projected to rebound to 5.2 percent, -0.2 percent below IMF’s June projection.

Indian Economy & Reforms

The Indian economy is currently undergoing its worst growth patch in the post-Independence period with forecasts of sharp contraction in FY21 GDP growth (-9.5% by the RBI and -10.3% by the IMF). The current situation is a culmination of decelerating growth momentum in the previous two years, which got severely aggravated by the nationwide lockdown in a bid to contain the spread of the COVID pandemic since March 2020.

India’s policymakers (Central and State Governments along with the RBI) have been taking supportive steps for providing immediate relief to the economy. Encouragingly, the announcement of the Atmanirbhar Bharat Abhiyan in May 2020 amalgamated most policy interventions with a total corpus of approximately Rs 21 lakh crores.

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From the President’s Desk
Mr. Rajiv Podar

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World Economy

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- The GST collections for October stood at ₹1.05 lakh cr, crossing the psychologically important threshold of ₹1 lakh cr for the first time since February.

- From a peak contraction of 37.9% YoY in April, India’s Core Infrastructure Index recorded a mild contraction of just 0.8% YoY in September.

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From the President’s Desk

At the same time, we also need to position ourselves favourably before the emerging new normal on account of COVID to ensure that India not only recoups lost output and income, but it also emerges strongly on the path of sustainable growth. The idea of Reboot, Reform, and Resurge should be seen in this context.

The Government has been pushing stimulus packages, reforms and providing liquidity support. In September, the Parliament passed three labour codes — on industrial relations; occupational safety, health and working conditions; and social security — proposing to simplify the country’s archaic labour laws and give impetus to economic activity without compromising with the workers’ benefits. These labour codes can have a transformative impact on labour relations in India and can significantly ease the conduct of business by amalgamating a plethora of Central and State laws on labour.

In landmark Agricultural reforms, Rajya Sabha has passed two bills related to Agriculture Sector Reforms, namely: The Farmers’ Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020 and The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Bill, 2020. These reforms are intended to help small farmers who don’t have means to either bargain for their produce to get a better price or invest in technology to improve the productivity of farms as well as to accelerate growth in the agricultural sector through private sector investment in building infrastructure and supply chains for farm produce in national and global markets.

The MSME sector has been badly affected by the COVID-19 pandemic, especially the rural enterprise owners. The Ministry of Micro, Small and Medium Enterprises (MSME) has recently announced expansion of and doubling of support to beneficiary-oriented Self-Employment schemes like Pottery Activity, Bee Keeping and Agarbatti Making aimed at contributing to Atmanirbhar Bharat Abhiyan.

IMC continues to work on its theme for the year Reboot-Reform-Resurge. Recently, we have had a range of power packed and impactful virtual programs like the Role of Banking Sector to reboot the Indian Economy with panelists Mr. Arjit Basu, MD, SBI and Ms. Zarin Daruwalla, CEO, Standard Chartered. We also had the privilege of having a special address by IFC India Country Head – Mr. Jun Zhang on the Sustainable Development of cities and IFC’s role in impacting Ease of Living and SDG’s 2020-21. On World Tourism Day, we had a timely discussion on Creating synergies to boost domestic demand and rebuild tourism and a virtual address from Mr. Suman Billa (IAS). With a vision to spark a dialogue on Industry Academia partnership, IMC in partnership with the MIT World Peace University organized INDCON 2020-21 – Industry Academia Conclave – Building Stronger Research & Development Ecosystem – Enabling Saksham Bharat Abhiyan to leverage innovation, intensify industry academia collaborations and accelerate growth in the Indian Education Sector. As India stages a gradual economic recovery, we were enriched to have a timely and an insightful address on “How Indian Economy could Reboot-Reform-Resurge” by Dr. K. V. Subramanian, Chief Economic Advisor, GoI.

Our collective learning from these diverse virtual events is that the future belongs to science and innovation and these innovations must be powered by co-operation and collaborations.

**INDO-AFRICA SUMMIT 2020**

India and Africa are two of the most vibrant and dynamic economies. Together they represent 2.5 billion people and GDP of $5.5 Trillion. In the last two decades, India’s bilateral trade with Africa has seen a tenfold increase, growing from $7 billion to nearly $67 Billion. IMC, in partnership with CNBC Africa, organized a virtual Indo-Africa Summit 2020, live in 48 countries from 4th to 6th November 2020 with a vision to look at a 100x100 matrix – to reach the target of $100 Billion of bilateral trade and $100 Billion of investments. We had the honor of having the virtual presence of Hon’ble Shri Piyush Goyal, Minister of Railways; Commerce & Industry; Consumer Affairs and Food & Public Distribution, Government of India and Hon’ble Dr. Amina Mohamed, Minister of Sports & Culture, Kenya. In his keynote address Mr. Goyal said, “The more we collaborate, the more we remain committed to each other, I am sure we will be able to take care of the problems of 1/3rd of humanity between the people of Africa & India.” The summit exclusively focused on intensifying and exploring collaboration opportunities in sectors such as Infrastructure, Pharma, Banking and Digital & Communication. The summit has been a great success with remarkable participation and overwhelming response from people across industries. Based on the success of the summit, IMC together with ABN Group has planned the second Indo-Africa Summit from 23rd to 25th March 2021.

We congratulate Mr. Joe Biden for his victory to the office of the President of the United States and proud of Ms. Kamala Harris for being the first woman to be elected to the office of the Vice President of America. Her victory has brought joy to the 1.3 Billion Indians and confidence in the idea of vibrancy of democracy and gender equality. IMC Chamber of Commerce and Industry will continue to work towards stronger Indo-US economic ties.

Stay safe and stay well.
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September-October 2020

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Agri-market reforms: Centre must engage with stakeholders to address concerns

G. Chandrashekhar
Economic Advisor, IMC Chamber of Commerce and Industry and Director, IMC-ERTF

The three major agricultural market reform proposals – legal framework for contract farming, allowing private markets in addition to APMC mandis and amendment to Essential Commodities Act – are now law. It is not the time to stay smug over the passage of the bills into law. We need to make the reforms work for the benefit of all stakeholders especially farmers for which we need unstinted cooperation.

The voices of protest in certain quarters are getting shriller and somewhat adversarial. For instance, Punjab has recently passed a law that seeks to substantially negate the intent of the Central legislation.

It is critical New Delhi heeds the voices of the protesters and hear their grievances, real or imagined. It is likely not all protests are born out of genuine concern for the farming community; there may also be some self-serving entrenched interests that are afraid of disturbance to the status quo.

But, principally, the Central government must start a genuine dialogue with the stakeholders including State governments and farmers’ organizations. Obviously, it may not qualify to be called ‘stakeholder consultation’ as we understand it in the normal course – something that precedes an intended action. This time round, even if post-facto, consultation is necessary to take on board all the apprehensions of different stakeholders, disabuse their minds of wrong notions about the reforms and seek their support in implementing them.

The State governments have a major role for the agri-market reforms to succeed. The Centre has willy-nilly stepped on the States’ toes. States feel slighted that their rights have been encroached upon. New Delhi must realize that opposition to the reform laws reflects to an extent some of the shortcomings of the laws, but more importantly, failure of the Centre to take the States into confidence. Simply put, initiation of agri-market reforms is more a marketing failure.

So it is critical the Prime Minister himself seizes the initiative to call a meeting of all the States and hear them out first. The outraged States must be placated by taking on board their concerns, creating a record of assurances and making appropriate amendments to the law. A national consensus is necessary without which the implementation of reforms will be tardy. Such a consensus will also preempt any possible legal challenge to the reforms.

It is necessary for New Delhi to place on record that at least in the short-run, there is no intention to dismantle the minimum support price regime or stop procurement through government agencies.

Healthy competition between APMC mandis and private markets will benefit growers as they will have greater marketing freedom. A strong regulatory oversight for the private markets will improve the confidence level of market participants.

At the same time, it devolves on the State governments to strengthen the APMC marketing yards. To be sure, it is not the end of the state-regulated mandi system. It is necessary the State governments de-politicise the mandi committees, infuse more transparency in mandi functioning, build operational efficiency and make mandis user-friendly or farmer-friendly.

APMC markets have their own strengths in terms of infrastructure which the State government can leverage to attract more agri trade. Indeed, APMC mandis have the capacity to compete with private markets and give the latter a good run for their money. To bring uniformity in all markets, cess levied on APMC transactions can be waived.

On contract farming, massive education is necessary among groups of growers and farmer producer organizations. Commodity Boards, export promotion councils and trade associations can undertake awareness and training programs for growers. Farmers should be made aware of various techniques covering the manner and timing of fixing contractual prices for agri crops.

In its present form, the dispute resolution mechanism for contract farming is weak. The concerns relating to dispute resolution are not frivolous. The District Administration is hardly the body equipped to enforce contract performance or resolve contractual disputes. It would make sense if parties to the contract under the new law are directed to register the contract with the District administration. However, a robust and transparent mechanism for expeditious resolution of disputes would generate more confidence among contracting parties.

Given the importance of agriculture and related activities for our economy and our quest for Atmanirbhar Bharat (Self-reliant India) it is necessary for agriculture to succeed. For India to succeed, Indian agriculture must succeed.

Unfortunately, the positive reform measures have been twisted into negative messaging in some quarters. The damage must be undone. When we say, the reforms are farmer centric, we must hear out the farmers and address their concerns.

One is reminded of Oliver Goldsmith telling lines in the poem The Deserted Village:

“A bold peasantry, the country’s pride, when once destroyed, can never be supplied”. We must do everything to support our fellow agriculturists so that they pursue their calling with dignity.

(Views expressed are Author’s personal)
November 4-6 saw hundreds witnessing online and millions watching in homes of African continent being broadcast live on CNBC Africa, a new beginning unfolding towards bringing about paradigm transformation by engaging leaders and experts from India and Africa in INDO AFRICA SUMMIT jointly hosted by IMC Chamber of Commerce and Industry and Africa Business Network.

With India and countries across African continent looking to enhance economic ties following rapidly changing global trade scenario in the aftermath of COVID and changing pattern of geopolitics, both India and Africa are giving lot of attention to enhance economic ties with high-level political and State visits in recent years. The combined markets of 2.5 billion people and GDP of $5.5 trillion and close cultural ties offer a great untapped potential for trade and investment between India and Africa.

While the government has paved a way, it is incumbent upon the private sector to also play its part to realise the vision enumerated behind the India’s Africa policy. It is with this intent that IMC Chamber of Commerce and Africa Business Network entered into formal understanding to jointly endeavour to promote India-Africa bilateral engagement to achieve potential that exists for trade, commerce and investment.

The Indo-Africa Virtual Summit is an endeavour to take forward the vision set by Honourable Prime Minister of India Shri Narendra Modi during his visit to Uganda in 2018 to empower Africa and enhance Bilateral Ties. And objective being to enhance ties to 100*100 matrix by 2025, ie, a target of 100 billion USD of Bilateral Trade and 100 billion USD of Investment between India and Africa.

Cabinet Secretary for Sports, Heritage and Culture, Government of Kenya, Honourable Dr. Amina Mohamed who called upon both the regions to not waste the opportunity presented by current global environment to build better and stronger together and Union Minister of India for Commerce and Industry, Consumer Affairs, Food and Public Distribution and Railway, Honourable Shri Piyush Goyal’s assurance of the government of India’s support for its domestic industries to invest in Africa in a big way in order to further strengthen economic ties set tone for ensuing discussions during the 3-day Summit to chart out a roadmap for cooperation and collaboration in development, trade and investment and how both governments and private sector in India and Africa should work together for development of vibrant partnership on multiple fronts.

While Honourable Dr. Amina Mohamed called upon all to engage with Africa in terms of investing in production, AI, analytical thinking, innovation, design and maintain sustainable relationship, Honourable Shri Piyush Goyal said India could help roll out digital and internet connectivity throughout Africa and improve railway, both important aspect of economic growth.

The Honourable Minister Shri Goyal also said initiatives like the African Continental Free Trade Agreement will further help Indian investors and businesses to engage with Africa and that let us work together to build a more diverse, robust and resilient supply chain between Africa and India. Let us also resolve to keep our markets open and make it easier and more attractive to trade between Africa and India.

The sentiments expressed by Rajiv Podar, President, IMC and Madhusudan Agrawal, Chairman, Summit Organising Committee in their opening addresses that a resurging Africa and rising India
could work together to capitalise on deeply rooted ties, explore new opportunities and chart the course towards a new economy for sustainable and inclusive future for mutual benefit and that our partnership would create a new world order post COVID 19 seemed to prevail in all discussions throughout the three days.

On that reassuring Keynote Addresses from both Ministers and optimistic opening remarks began discussions on Geopolitic Opportunity, Economic Overview, opportunities of collaboration in sectors of Pharma, Banking & Finance, Infrastructure and Digital Communication.

Panel : The Changing Landscape of Indo-African Geopolitics

This panel explored the strengthening of political ties between India and countries on the African continent. The discussion covered framework needed to advance India-Africa political relations, role of African Union in cooperation with India and improving the African business environment from Indian investors’ perspective.

The common consensus emerged during the discussion was that strategic partnership between India and Africa traced decades back, including the colonial experience and non alignment, which makes India and Africa natural partners beyond geographical closeness, our role as current leaders, for our future generations, would be to work together towards problems of poverty, inequality and opportunities for young generation and in order to bring together economic engagement between India and Africa, both the countries should come together with their resources in various areas of cooperation.

Panel : Expansion of Trade – an Economic Overview

The panel analysed Indo-African economic relationship in terms of potential and sectors, Indian focus areas for trade and investment in Africa analysis, an assessment of India as an export market for Africa for specific products and regions and discussing bottlenecks to increasing trade and investment between two regions.

The panel agreed that though focus was there realise opportunities to expand trade, we have not reached target set in 2014 and the time is now to work together and it is up to businesses to give feedback to make policy environment enablers of expansion of trade. There needs to be meaningful coordination between India and governments of African countries and also study several inter regional agreements in African continent to identify and remove bottlenecks to make engagement between India and Africa more successful. Both global geopolitical involvement and domestic factors
are in favour of industrialisation of both India and Africa. The new age manufacturing through global value chain will help both these regions establish integrated supply chain for technology products manufacturing in the medium to long term period. Both India and Africa must seize unique opportunity when American and European companies are looking to diversify their supply chain and manufacturing base.

Panel: Big Pharma - Innovation and New Business Models

This panel deliberated on COVID 19 impact on Pharma industry, outlook for the sector and opportunities for collaboration and attracting investment as well as opportunities for drug development, pricing models, innovation and breaking monopolies.

On most important question facing the mankind being development of vaccine for COVID 19, the panel was optimistic about a couple of successful candidates by quarter one of 2021. They also highlighted Indian companies working on repurposing of drugs for treatment of COVID 19 like Nafamostat, an approved Japanese drug for pancreatic cancer. The panel observed that what COVID has exposed is that we would need more sustainable model. And it has created opportunities for supply chain for both in India and Africa. Three key areas for relationship between India and Africa to focus on, it was observed, were food and drug procurement, localised production and creating value chain and optimise regulatory framework and standards in Africa. And what needs to change is the almost 80 to 90 percent of pharmaceutical products coming from India coming through or coordinated through francophone model, apart from Africa Free Trade Agreement that could give unified policy environment throughout Africa.

Panel : Banking & Finance – Digital & Financial Inclusion

The panel discussed current and future collaborations in the banking and finance space between India and Africa.

The discussion revolved around India’s success in digital banking and financial inclusion space. With Africa moving more definitely into the digital banking and transformation space, India can offer lot to Africa. The latest watchwords in banking in India and the African continent are Digital Inclusion, Financial Inclusion, and Banking the Unbanked. In India, even public sector banks like the Punjab National Bank and the State Bank of India and the private sector banks are competing for customers’ attention by offering holistic services in line with global standards in Africa. And what needs optimise regulatory framework and global standards in Africa.
From humble beginnings in 1983, Sun Pharma has grown to become the 4th largest generic pharmaceutical company in the world. Our passion for R & D has enabled us to develop over 2000 products that are sold in 100 countries worldwide. We have a strong presence in Africa with four manufacturing facilities at South Africa, Nigeria, Egypt & Morocco and products marketed in 36 African countries. At Sun, we are driven by our core values of quality, reliability, innovation, trust and consistency. These values inspire us to reach out and touch millions of lives globally.
Bank of India are competing for customers’ attention by offering holistic services in line with global trends. With its liberalised economy, and empowered by strong telcos, mobile companies, and fintechs, India’s banker sector offers a wealth of diverse products to its enormous mass market.

The sizeable, upwardly mobile middle class is constantly looking for new ways of banking and doing business. Likewise, Africa has a burgeoning population with great opportunities in lower-end and expanding middle-class banking.

The ecosystem built around India’s JAM trinity – Janhathan, Aadhar and Mobile – and affordability of data the panel felt could be a game changer for Africa to bring about financial inclusion with last mile reach.

The panel looked at trading opportunities, building business networks and potential partnerships in the infrastructure space.

Africa has to deal with massive infrastructure needs in order to encourage intra-continental and global trade. Development finance and closing the infrastructure gap. The greatest needs lie in power, road and rail transport, while ICT infrastructure is on a better footing. For the Indian economy, the infrastructure sector is also a key driver, responsible for propelling the country’s overall development - including power, bridges, dams, roads, and urban infrastructure development.

African panelists observed that the scale of the Indian PPP programmes was enormous and is one of the biggest global programmes. It has also been sustained. There has been opportunity for developers in India. Also, Common infrastructure and trade faces challenges.

There needed to be a common approach to security and collaboration to maintain it.

Indian interlocutors said there are number of infrastructure projects where Indian companies are actively involved but face several challenges, primary among them of having to deal with 54 territories and 54 different policies and regulations. There was unanimity that COVID-19 has taken us two decades back. We needed to look at long-term strategies and also short-term to fix challenges we would face in near future. One of the important things needed was to integrate Africa as a single bloc rather than 54 nations.

A common thread was that India and Africa are going to be the growth leaders in the coming years and there has been never a good time for the same like now to collaborate. FDI, shared knowledge and insights can help us together.
The panel highlighted the potential opportunities for collaboration in this sector between India and Africa and covered an overview of the digital economy, digital communication opportunities, regulating the new economy and the role of ICT regulators and using the benefits of ICT for skills development, innovation, managing change in lives of people.

It was commonly felt that legislation in Africa needed to be made attractive for investment to take place which would enable expertise and investment from India as Africa could benefit lot from India in ICT sector, particularly a low cost and affordable internet model, which leads to more jobs and opportunities.

At the end of the 3-day Summit, one thing that came out common was that this Summit was a timely initiative and dialogue must be sustained covering several other areas where similar opportunities for cooperation and collaboration exist. And both CNBC Africa and IMC Chamber of Commerce and Industry agreed and announced another 3-day Indo-Africa Summit from March 23 to 25, 2021 with other areas of focus.
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Investment Opportunities in India

In an article for Time Magazine in 1999 Nelson Mandela wrote of Mahatma Gandhi “India is Gandhi’s country of birth; South Africa is his country of adoption. He was both an Indian and a South African citizen. Both countries contributed to his intellectual and moral genius, and he shaped the liberatory movements in both colonial theatres.”

India and Africa account for 1/3rd of this planet’s humanity. And some ~3 million people of Indian origin also live in Africa. Rich in natural and mineral resources, young demographics, and large markets, there are many things, including the Gandhi-Mandela lineage, that bind together the African continent and India.

Since 2014, more than 20 high-level visits, including those of heads of state of India and many African nations, and many ministerial visits have taken place from India to Africa. During the visit of the Prime Minister of India Narendra Modi to Uganda in 2019, he announced the ‘10 Guiding Principles for India-Africa Engagement’ that articulates India’s commitment to Africa. *(Annexure 1)*

During the same visit the Prime Minister reiterated that “Africa will be at the top of our priorities. We will continue to intensify and deepen our engagement with Africa. As we have shown, it will be sustained and regular.”

The three-day Indo-Africa Virtual Summit organized by the IMC Chamber of Commerce & Industries, in partnership with CNBC, aims to focus on increasing bilateral trade and investment between the two regions. In a rapidly changing geopolitical and economic climate, investment and co-operative opportunities for India and Africa are now increasing and diversifying, especially when one takes into account the global repercussions of COVID-19. The Summit, therefore, broadcast live across 48 countries, is an initiative that is uniquely positioned to transform the development landscape of both economies.

Indo-Africa

Since 2001, the bilateral trade between India and Africa has increased more than nine-fold, reaching USD 66 billion at an average annual growth rate of 17.2% and cumulative Indian investments in Africa amount to approximately USD 54 Billion.

India and many African countries have also partnered in major international agreements and initiatives that serve to build a greener and more sustainable economy. The International Solar Alliance for example, involves 20+ African countries and a Line of Credit (LOC) worth $1 billion extended by India to ensure the implementation of 23 solar energy projects spanning 13 nations.

Similarly, under the first India-Africa Forum Summit (IAFS-I), India announced a grant of USD 500 million (INR 2,700 crores) to assist capacity building in Africa via the setting up of specialized institutions, extending scholarships and training programs, and implementing the Pan African e-Network Project (PAeNP).

Under IAFS-II, India announced a grant of $700 million (INR 3,300 crores). Under IAFS-III, India provided an additional $10 billion in concessional credit over the next five years, i.e. till 2020, and a grant assistance of $600 million. This made Africa the second-largest recipient of Indian overseas assistance with LOC worth nearly $10 billion.

Another economic initiative, the Asia Africa Growth Corridor is an agreement between India and Japan which envisages closer engagement between Asia and Africa for “sustainable and innovative development”.

Within the African continent, as of 2019, 54 of 55 African Union states have signed the African Continental Free Trade Agreement (AfCFTA) with an aim to create the largest free trade area in the world measured by the number of countries participating. The pact, once Eritrea is included, would connect 1.3 billion people across 55 countries with a combined gross domestic product (GDP) valued at US$3.4 trillion and is expected to raise intra-Africa trade levels by 52%.

Investment opportunities in India for African Countries

Kartikeya Saigal
Strategic Investment Research Unit, Invest India
In addition to key bilateral mechanisms such as the India-Africa Strategic Dialogue, the India-Africa Forum Summit and numerous Joint Working Groups with countries, India believes that the AfCFTA will, with tariff reduction, trade facilitation and regulation across member countries, pave the way for even deeper trade and investment ties between the two regions.

With regards to the sectors of interest identified for the Summit, let us look at them one by one.

**Banking & Finance**

India is amongst the fastest growing FinTech markets in the world with the valuation of digital payments ($65 bn in 2019) expected to grow at a CAGR of 20% till 2023.

Key segments within this FinTech ecosystem are digital payments, digital lending, BankTech, InsurTech and WealthTech. The Indian federal government and various ministries have launched a multi-pronged approach to support the fintech sector and to drive financial inclusion.

These include the Jan Dhan Yojana program, the Unified Payment Interface, Aadhaar digital identification and Digital India. These programs and initiatives have provided an enabling environment for over 2,000 fintech startups to iterate and grow.

In Africa, players in the FinTech industry facing market saturation may consider India as the next destination for business expansion. Likewise, Indian entities may explore the African market providing services and increasing regional cross-partnership.

**Pharmaceuticals**

India ranks 3rd worldwide for production by volume and 14th by value and is the only country with the largest number of US-FDA compliant Pharma plants (more than 262 including APIs) outside of United States.

India has more than 2000 WHO-GMP approved Pharma Plants, 253 European Directorate of Quality Medicines (EDQM) approved plants with modern state of the art technology and is also home to more than 3,000 pharma companies with a strong network of over 10,500 manufacturing facilities.

From 2018-19, India’s pharmaceuticals exports were worth $19.3 bn with a CAGR of 10.72%.

The Central Government of India has implemented initiatives to boost infrastructure and production in this sector. There is a promotion of Bulk Drug Parks for financing common infrastructure facilities with financial implications of Rs. 3,000 crores for the next 5 years. A Production Linked Incentive Scheme has also been issued to promote domestic manufacturing of critical KSMs / drug intermediates and APIs in the country with financial implications of Rs. 6,940 crores for the next eight years.

With regards to COVID-19 medical assistance was extended by India to 25 African countries in the form of supplies of essential drugs, including hydroxychloroquine or HCQ and 16 other essential drugs including life-saving antibiotics. And with the cooperation of six African nations having sizeable Indian population, the Government also operated 11 Bande Bharat flights to India.

**Infrastructure**

To realize its vision of an Aatmanirbhar Bharat, the Government of India is focusing on strengthening infrastructure in the country. With this aim, the National Infrastructure Pipeline (NIP) is a first-of-its-kind exercise seeking to capture greenfield and brownfield projects, covering economic and social infrastructure costing greater than INR 100 Crore.

The total capital expenditure of all projects under the NIP is approximately INR 111 Lakh Crore and it aims to improve project preparation and delivery in order to attract investments into infrastructure. The NIP is hosted exclusively on the India Investment Grid (IIG) and is the only consolidated, real-time updated repository of infrastructure projects in India.

https://www.investindia.gov.in/india-investment-grid

The NIP on the IIG:

- Provides visibility of the project pipeline to all stakeholders
- Provides information about potential investments in greenfield and brownfield projects
- Provides a robust monitoring framework for all projects
- Allows investors to browse almost 7,000 NIP projects across 34 sub-sectors and connect directly with
  - 23 ministries
  - 36 states and UTs
• 150+ agencies implementing these projects

In terms of ongoing and completed Indo-African infrastructure initiatives, India has executed 194 developmental projects in 37 African countries and is currently working to complete 77 more projects in 29 countries in the continent, with a total outlay of USD 11.6 billion.

Digital/Communication Technology

In India, a digital identity for over 125 crore (1.25 billion) people has been created as of December 2019, the figure representing over 95% of the population. The digital sector in India is also the first public-sector to globally cross the 1B user mark and by 2025, digital transactions in India could be worth $1 trillion a year. With the 2nd largest smartphone market in the world it is first in world for mobile data consumption.

Under the Digital India campaign 1.19 lakh village blocks have been made service ready under BharatNet phase 1 and in BharatNet phase 2, 1.25 lakh village blocks are targeted for linkage. 3, 30, 355 Kms of Optic Fibre cable have been laid so far.

India’s internet users are expected to reach 627 million this year and GSMA expects India to have 920 million unique mobile subscribers by 2025 which will include 88 million 5G connections. By 2025, every 7th global netizen will be an Indian.

One of the guiding principles of the India-Africa engagement as announced by the Prime Minister of India in 2020 is as follows “We will harness India’s experience with the digital revolution to support Africa’s development; improve delivery of public services; extend education and health; spread digital literacy; expand financial inclusion; and mainstream the marginalised.”

To take this forward, an India-Africa conference on e-governance was being planned by the Government of India for 54 African nations in early 2020. This conference, temporarily postponed due to the COVID-19 pandemic, will ensure that the benefits of digital platforms are made available for the empowerment of African citizens.

India: Open for Business

India is currently open for foreign investment into almost every sector of its economy, including those mentioned above. The government is funding and developing infrastructure across the supply chain, thus creating opportunities for investors in addition to issuing policy changes that offer greater transparency, efficiency, and incentives.

India’s new Ease of Doing Business (EoDB) measures include
• Fast track Investment Clearance through an Empowered Group of Secretaries (EGoS)
• A Project Development Cell in each Ministry
• Available Ranking of States on Investment Attractiveness to compete for new investments
• New Incentive schemes for the Promotion of New Champion Sectors
• The FIPB abolished in 2017 and replaced by Foreign Investment Facilitation Portal to ease the inflow of FDI into India
• FDI Reforms: FDI liberalization of 87 policy areas across 21 focus sectors

The Department for Promotion of Industry and Internal Trade (DPIIT) has assured investors that proposals are to be cleared within a timeframe of 8 to 10 weeks. For this a dedicated team has been set up under Invest India, which serves as a one stop-shop for all investors.

The Government of India also plans to merge 44 labour laws under 4 categories. It has launched a portal to facilitate risk-based inspections, the submission of common electronic returns under 8 labour acts and the issuance of a Labour Identification Number. Further, the number of registers/forms prescribed under 9 central laws and rules has been reduced from 56 to 5.

There are also major labour code reforms in the pipeline such as universal minimum wage, national floor wage for minimum wages, appointment letters and health check-ups.

In terms of tax reforms, corporate tax rates have been cut to 25.17% from the previous 34.94% and more than 30 central and state taxes have been brought under a single national tax (GST).

There has also been a TCS/TDS rate reduction. EPF contributions have also been reduced for business and workers for 3 months.

MSMEs are now eligible for collateral free automatic loans. A
Fund of Funds has been made viable for MSMEs as the government is expanding the coverage and scope of these businesses. These reforms seek to grow the economy as well as combat the impact of COVID-19. There are now subordinate debt provisions for stressed MSMEs. A Special Liquidity Scheme for NBFCs/HFCs/MFIs and a Partial Credit Guarantee Scheme 2.0 have also been brought into force. And to promote manufacturing, the government has issued an Export Promotion Capital Goods Scheme and a Merchandiser Exports from India Scheme.

**Conclusion**

India and Africa have long standing initiatives and programs such as the Indian Technical and Economic Cooperation Program (ITEC) under which forty percent of all training and capacity building slots have traditionally been reserved for Africa.

There is also the Techno-Economic Approach for Africa–India Movement (TEAM–9) which is a special agreement with Western African countries in the sphere of technology transfer.

And finally, discussed earlier in this article with an emphasis on India’s contribution to African development, the Pan African e-Network Project (PAeN) on tele-education and tele-medicine, is also India’s commitment to Africa in the sphere of digital cooperation. The second phase of the project – the e-VidhyaBharati and e-ArogyaBharati Network Project (E-VBAB) – aims to provide 5 years of free tele-education to 4000 students, free medical education to 1000 doctors/nurses/paramedics and free medical consultancy to African countries.

**Annexure 1**

‘10 Guiding Principles for India-Africa Engagement’ as announced by Hon’ble Prime Minister of India during his visit to Uganda in 2019

1. Africa will be at the top of our priorities.

2. Our development partnership will be guided by your priorities. We will build as much local capacity and create local opportunities as possible.

3. We will keep our markets open and make it easier and more attractive to trade with India.

4. We will harness India’s experience with the digital revolution to support Africa’s development; improve delivery of public services; extend education and health; spread digital literacy; expand financial inclusion; and mainstream the marginalised.

5. Africa has 60 percent of the world’s arable land but produces just 10 percent of the global output. We will work with you to improve Africa’s agriculture.

6. Our partnership will address the challenges of climate change.

7. We will strengthen our cooperation and mutual capabilities in combating terrorism and extremism; keeping our cyberspace safe and secure; and, supporting the UN in advancing and keeping peace.

8. We will work with African nations to keep the oceans open and free for the benefit of all nations. The world needs cooperation and competition in the eastern shores of Africa and the eastern Indian Ocean.

9. As global engagement in Africa increases, we must all work together to ensure that Africa does not once again turn into a theatre of rival ambitions but becomes a nursery for the aspirations of Africa’s youth.

10. Just as India and Africa fought colonialism together, we will work together for a just, representative, and democratic global order that has a voice for one-third of humanity that lives in Africa and India.
Ethiopia at a Glance

Location
Ethiopia is located in the centre of the Horn of Africa. It shares borders with the Sudan and South Sudan to the west; Eritrea to the north and north-east; Djibouti and Somaliland to the east; Somalia and Kenya to the south. Ethiopia is the 27th largest country in the world covering an area of 1.14 million square Kilometres.

Population
Ethiopia is the second most-populous country in Africa with approximately 110 million populations. From this, more than 60% of the population is in the labor force.

Political system
Ethiopia is a multi-party federal democracy with legislative authority resting with the government headed by an executive prime minister and the elected House of Representatives (547 members) and the House of Federation (110 members).

The current Prime Minster of Ethiopia, H.E. Dr. Abiy Ahmed was awarded the Nobel Prize for Peace in 2019 for his efforts toward attaining peace and international cooperation, particularly for his work to end his country’s long-running border dispute with neighbouring Eritrea.

Ethiopia- Land of Origins
Ethiopia is an ancient country whose unique cultural heritage, rich history and remarkable biodiversity are reflected in a tally of nine UNESCO World Heritage Sites- more than any other country in Africa. Ethiopia is the cradle of humanity, where we first walked on two legs. It is also the source of the Blue Nile, the great river whose power and fertility nurtured the origin of civilization itself. Ethiopia is also the birth place of coffee.

Economy of Ethiopia
Ethiopia is one of the fastest-growing economies in the world with a robust and broad-based growth with an average annual economic growth rate of 10% over the past two decades. Ethiopia’s nominal GDP Per Capita is forecasted to be 917.884 USD in 2021 as reported by World Economic Outlook. This fast economic growth coupled with conducive investment climate, large market size and high-level of government commitment towards foreign direct investment attraction have contributed to the growth of FDI inflow into Ethiopia-making the country the second largest recipient of FDI in Africa.

The current government has embarked on a program of various economic reforms, including privatization of state owned enterprises and rationalization of government regulation. While the process is still on-going, the reforms have begun to attract much needed foreign investment to the country. The government of Ethiopia is working aggressively to achieve the country’s vision of becoming a middle income country by 2025.

Why Invest in Ethiopia
Ethiopia has great potential for investment due to the following reasons:

1. Stable Political and Economic Environment
Ethiopia is the oldest independent country in Africa, and is among the most stable countries in the region. Ethiopia is also known for its social stability and least crime rate, as well as strong public institutions and reliable police service. The government has no tolerance to corruption.

2. Strong investment guarantees and protection
The constitution and the investment law of the country guarantee the protection of private property. Ethiopia is a signatory to the main international investment related institutions- for example; it is a member of the Multi-Lateral Investment Guarantee Agency (MIGA).

Ethiopia is also a signatory of the Convention on the...
Settlement of Investment Disputes between States and Nationals of Other States (ICSID) and the World Intellectual Property Organization (WIPO). The accession process to the WTO is well underway.

Ethiopia has also concluded Bilateral Investment Promotion and Protection Agreements (BITs) and Avoidance of Double Taxation Agreements with a number of countries including India.

3. Attractive investment incentives and conducive tax environment
   - Customs Import Duty– 100% exemption on all imports of investment capital goods and construction materials necessary for the establishment of new enterprises or for the expansion and upgrading of existing ones; plus exemption for import of raw materials needed for the production of export goods.
   - Export Customs Duty and income tax exemption of up to 6 years for manufacturing and agro-processing, and of up to 9 years for agricultural investment. Additional 2-4 years income tax exemption for exporting investors located within industrial parks and 10-15 years exemption for industrial park developers.
   - Loss carry forward– businesses that have suffered losses during this 'holiday' can carry them forward for half the exemption period, once the exemption has expired.

4. Strong market with excellent market access
   With a population of more than 110 million people and a rapidly growing middle-class society, Ethiopia is the second-largest market in Africa and is also member of Common Market for Eastern and Southern Africa (COMESA) embracing 21 countries with a population of over 420 million. Ethiopia, located at the crossroads between Africa, the Middle East and Asia, enjoys a strategic market access.

   Ethiopia also enjoys Duty Free and Quota Free (DFQF) privilege extended by, among others, USA– Africa Growth and Opportunity ACT (AGOA) and EU–Everything but Arms (EBA).

5. Excellent climate and fertile soils
   Ethiopia is the 27th largest country in the world by land size. Given its diverse topography and geographical location, it is suitable for the production of some of the world’s most coveted food crops, such as cereals, pulses, oilseeds, a wide range of fruits and vegetables, coffee, sugar cane, tea, and spices, among others. Due to its fertile soils, Ethiopia is among the world’s largest producers of coffee and the 3rd largest producer of Arabica beans in the world. Ethiopia is also the top non-EU exporter of cut-flower to the EU market and the 2nd largest flower exporter from Africa.

6. Young and Trainable labor force
   Ethiopia has a young and trainable labor force (median age of 19) and a supportive policy that facilitates labor sourcing for industries. From the total population of the country, 60% is in the labor force.

7. Strong government commitment
   There is high-level government political commitment for investment promotion and protection. Wide-ranging incentives packages are provided for investments in priority sectors and export-oriented manufacturers.

8. Good infrastructure standards
   The Ethiopian Airlines (EA), African world class and Star Alliance member airline, has 101 international and 22 domestic passenger destinations. It has also 35 cargo destinations which cover two-third of Africa’s airfreight.

   The newly built Addis-Djibouti electric-powered railway has made the access to port Djibouti much easier and has boosted Ethiopia’s import-export sector.

   The government of Ethiopia has identified the following sectors as priority areas for investment:
   - Agriculture
   - Textile and Apparel
   - Leather and leather products
   - Pharmaceuticals
   - Agro-processing
   - ICT
   - Mining
   - Tourism
   - Power

   With the vision to make Ethiopia a leading manufacturing hub in Africa, the Government of Ethiopia had so far constructed and operationalized over 20 state-of-the-art industrial parks which are located along key development corridors- each with a distinct specialty in priority sectors.
Tanzania remains as Africa’s unique tourist destination with many exceptional tourist attractions. It is the Land of Kilimanjaro, the highest free standing mountain and the roof of Africa; the Ngorongoro Crater, which is the world’s largest caldera; the Olduvai Gorge, the cradle of mankind, formed 30,000 years ago; the Serengeti National Park, renowned for the largest single movement of wildebeests and zebras in the world; and the so-called Spice Islands of Zanzibar.

Tanzania with now a population approximately 59 million and GDP of USD 59 billion (2019), has sustained relatively high economic growth over the last decade, averaging 6–7% a year. In October 2015, Dr. John Pombe Joseph Magufuli was elected the Fifth President of the United Republic of Tanzania. Once assumed the office, he started by prioritizing efforts to clampdown on corruption and to improve public administration and manage public resources for improved social outcomes. ‘The Mo Ibrahim Index of African Governance shows Tanzania has improved in its overall governance indicators between 2015 -18.

Over the past five years, Tanzania emerged as a major regional trade centre. India is among the 5 top trade and investment partners. This is mainly due to the very friendly and businesslike atmosphere it offers to India and to the other top investors. Duties are considerably low and re-exports to neighboring countries are either modestly low or exempted. President Magufuli’s drive also focused on a range of other issues such as: productive jobs, unlocking the potential of the tourism industry, improving tax performance, leveraging public-private partnerships to finance development; the importance of investing in youths and human capital development.

In striving to build an Industrial Economy, his administration’s policy thrust has been directed towards industrialization, for which India remains a reliable and dependable partner. It has been his overarching mission to create a conducive environment for industrialization. To this end, several measures have been taken such as reforming the regulatory bodies that deal with licensing, taxation, market access as well as accessibility of key productive resources such as land. ‘The Rand Merchant Bank (RMB) of South Africa released its 2019 edition of the “Where to Invest in Africa” Report and ranked Tanzania as the 7th best destination to invest in Africa after Egypt, South Africa, Morocco, Ethiopia, Ghana and Kenya.’

Moreover, the government recognizes the centrality of electric power in furthering the industrialization agenda. Notably, therefore, the government has embarked on several mega power projects in the country that will amount to generating 5,000 MW. This includes pursuing the 2,100 MW, a mega project known as Julius Nyerere Hydroelectric Project in Rufiji, in the Coastal Region.

President Magufuli has also focused on implementing such measures geared towards unleashing the country’s growth potential. He has, for instance, dealt with the infrastructural bottlenecks particularly energy, ports, roads, and railways. Worth noting, for instance, the ongoing Standard Gauge Railway (SGR) which is being constructed in phases from Dar es Salaam to the shores of Lake Victoria (1,219 KM) has been a major milestone in the history of his administration. Upon its completion, this railway will connect not only Tanzania, but also Rwanda. Other major projects worth mentioning are; the Dar Rapid Transport, the Ubungo/TAZARA Interchange Flyover, and the Nyerere Bridge connecting the City Centre and Kigamboni area across the Indian Ocean.

On the whole, under President Magufuli, Tanzania has reaffirmed, with deeds and actions, its commitment to creating politically sound policies and macro-economic stability to ensure a win-win business environment for both local and foreign investors. And all these, have earned him a litany of accolades both nationally, regionally and globally. As he stands for re-election slated for 28 October 2020, President Magufuli’s victory is certain.
Kenya: Economic Recovery Ahead

Key View

- At Fitch Solutions, we maintain our forecast that Kenyan real GDP growth will slow from 5.4% in 2019 to 1.1% in 2020.
- We expect that an uptick in private consumption will lead Kenya’s economic recovery over the coming quarters, helping GDP growth to pick up to 4.4% in 2021.
- Improving global and domestic economic conditions will offer tailwinds for capital formation, though the need for fiscal consolidation will reduce room for public investment next year.
- After temporarily increasing in 2020, net exports will become a drag on the economy again in 2021, keeping GDP growth below its 2015-19 average of 5.6%.

Kenya – Economic Outlook

We continue to hold to our 2020 GDP growth forecast of 1.1% for Kenya. Growth slowed to 4.9% y-o-y in Q120 – the slowest expansion rate since Q317 – from 5.5% in Q419, and we believe that the impact of the Covid-19 pandemic is likely to have been more pronounced in Q220, given that this is when the bulk of the country’s lockdown measures were in place. While economic activity will remain relatively weak over H220, Q220 is likely to have marked the low point of growth this year. After plunging to 34.8 in April, Kenya’s Purchasing Managers’ Index rebounded to 54.2 in July and 53.0 in August, due to a bounce-back in output and new orders, signalling that a moderate recovery is under way.

We expect that an uptick in household consumption will drive the economy’s recovery over the coming quarters, and we forecast that GDP growth will rebound to 4.4% in 2021. The government imposed a partial lockdown between March and early July, comprising a dusk-to-dawn curfew and restrictions on mass gatherings, international travel and movement in and out of Nairobi, Mombasa and Mandera. While the curfew is still in place at the time of writing, most lockdown measures have been eased since July. New daily cases have declined since August, and our core assumption is that the government will not re-introduce a similar lockdown over the coming quarters. We expect that consumers will gradually return to market places as the economy re-opens, benefitting consumer-dependent sectors. Moreover, improved agricultural production prospects for 2020 will boost incomes for 53.8% of the labour force employed in the agricultural sector, further strengthening household purchasing power. We see private consumption growth rebound from 0.5% in 2020 to 4.9% in 2021. This remains below the 2015-19 average of 5.8%, however, reflecting the knock-on effects of higher unemployment, which rose from 5.2% in Q120 to 10.4% in Q220 according to the Kenya National Bureau of Statistics.
infrastructure and keep the sector’s growth below its 2015-19 average of 9.1%.

However, net exports will gradually return to acting as a drag on growth over the coming quarters. We expect that net exports will contribute 0.6 percentage points (ppts) to real GDP growth in 2020, after shaving an average of 1.1 ppts off growth between 2017 and 2019. A collapse in tourism receipts amid weak global travel demand will be more than offset by a parallel decline in imports and robust agricultural exports, particularly of tea.

Kenya – Data & Forecasts

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<td>-7.0</td>
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<td>1.0</td>
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<td>Total net oil exports (crude &amp; products), ’000b/d</td>
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<td>0.0</td>
<td>0.0</td>
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<tr>
<td>Dry natural gas consumption, bcm</td>
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<td>0.0</td>
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</table>

e/f = Fitch Solutions estimates/forecasts. Source: National sources, Fitch Solutions

After declining sharply between March and May, however, merchandise imports had recovered to March levels as of July. We expect that, as the economy re-opens, stronger consumer and business activity will gradually increase import demand over H220 and into 2021. This will weigh on net exports next year, which we forecast will subtract 0.8 ppts from GDP growth and keep overall economic expansion below its 2015-19 average of 5.6%.

Risks to our forecasts are balanced. Additional waves of domestic Covid-19 infections or a delayed roll-out of a Covid-19 vaccine would pose significant downside risks to our growth forecasts, given that the government could be forced to tighten lockdown measures. On the upside, greater pent-up demand could occur next year, amid signs that the global pandemic has been largely contained. This would offer additional tailwinds for private consumption and thus GDP growth in 2021.
UGANDA—POLITICAL OUTLOOK

Risk of Contested Election Rises, But Museveni Likely To Retain Power

Key View

- We at Fitch Solutions expect that President Yoweri Museveni will face a tough but manageable challenge in the presidential election in February 2021.

- The withdrawal of Museveni’s long-time rival Kizza Besigye from the election will benefit Robert Kyagulanyi (known as Bobi Wine), who formed a non-aggression pact with Besigye in July 2020, making him the main opposition figure in the election.

- However, we expect the lack of deeper unity among the opposition – with Besigye’s party potentially fielding another candidate – combined with benefits of incumbency will lead to Museveni’s re-election.

- This will likely trigger anti-government protests and raise the risks of a more protracted electoral dispute.

We expect that President Yoweri Museveni will face a tough but manageable challenge to his rule in the February 2021 election. Veteran opposition figure Kizza Besigye, who ran against Museveni in the previous four presidential elections, announced on August 19 that he will not contest the vote. Besigye said he will instead focus on an unspecified ‘Plan B’ project to “free our country”, claiming his candidacy would serve to legitimise the election, which was in the past accompanied by intimidation of political leaders (including Besigye himself) and widespread accusations of fraud.

Besigye’s decision also came two days after national youth council elections on August 17, in which his Forum for Democratic Change (FDC) underperformed, largely due to gains made by the newly-formed National Unity Platform (NUP). Ugandan youth councils promote interests of young people in the country, and are allocated funds and five seats in the Ugandan parliament. The NUP is led by Robert Kyagulanyi (known as Bobi Wine), who has dislodged Besigye from second place in opinion polls. In the youth council elections, this allowed the NUP to win over former supporters of both the FDC and Museveni’s ruling National Unity Party Movement, thus reducing support for an FDC-NUP alliance among some FDC members.

The impact of Besigye’s withdrawal on the presidential election will be determined by FDC- NUP unity. The rivalry between Museveni and Besigye dominated Ugandan presidential elections for the past two decades. The withdrawal of the latter from the 2021 election will grant greater campaigning space to Bobi Wine, making him the main challenger to Museveni. However, it seems unlikely that the entirety or even a significant portion of Besigye’s support base will rally behind Wine. The two parties rely on different support bases; FDC is primarily oriented towards rural voters, while the NUP is strongest in urban areas. The FDC is also currently nominating its own presidential candidate, a process where the only two contenders are divided on whether to seek dialogue with Museveni on a power transition or aim to unseat him via street protests.

This division suggests that FDC will struggle to reach a unified decision to back Wine, who has been organising anti-government protests since entering politics in 2017. While the FDC and the NUP maintain their non-aggression pact, this seems increasingly unlikely to result in a joint presidential candidate. This would split the opposition vote and potentially discourage turnout, raising the chances for Museveni to win re-election in the first round, as had been the case in all presidential elections in the past.

Benefits of incumbency will partially offset any popular backlash over Covid-19. Uganda adopted one of the strictest lockdowns in Sub-Saharan Africa (comparable to South Africa and Rwanda), which together with external economic conditions will have dragged on household incomes. While the government has launched a stimulus programme worth some USD370mn or 1.4% of GDP (excluding tax breaks and emergency funding from international creditors), this has sparked criticism from the opposition that the government has been using stimulus measures to
expand Museveni’s support base. Covid-19 also allowed the government to place a ban on large gatherings – including campaign rallies – which grants the ruling party a significant advantage thanks to its influence on state media, which have become one of the main campaigning vehicles as a result of the ban. Together with other benefits of incumbency, we expect this will allow Museveni to at least partially offset any fall in support due to criticism over his handling of the pandemic.

Museveni’s expected victory will likely trigger significant but not game-changing protests. Wine rose to prominence thanks to his role in the People Power Movement, a protest movement sparked by changes to the presidential age limit in 2017, widely seen as Museveni’s pursuit of re-election in 2021. Similarly, Besigye remains politically active despite his withdrawal from the election, and his ‘Plan B’ project suggests that he would call for street protests in the event that Museveni claims victory in the election. As a result, we believe that protests following the 2021 polls will be on a larger scale than most in Uganda’s recent history. While Museveni’s control of the security forces and an enduring degree of popular support in the country should prevent any major escalation into a threat to his government, a more prolonged period of unrest with limited negative implications for the government’s ability to implement policy is possible. This is reflected in the country’s score in our Short Term Political Risk Index, where the ‘social stability’ of the score drags on Uganda’s overall ranking, while the country retains a high ‘policy continuity’ score.

Uganda – Data & Forecasts

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<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019e</th>
<th>2020f</th>
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<td>862</td>
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* e/f = Fitch Solutions estimate/forecast. Source: National sources, Fitch Solutions
Sub-Saharan Africa – Industry Outlook

Election Mining: Incumbent Victories To Foster Policy Continuity

Key View

- In this article we analyse the likely impact on the mining sector of a number of key upcoming elections in Sub-Saharan Africa over the remainder of 2020.
- We at Fitch Solutions expect successful re-elections of incumbent Presidential candidates in Côte d’Ivoire, Ghana and Tanzania, reducing risks to policy continuity.
- Ruling regimes in Côte d’Ivoire and Ghana will continue to focus on mining sector growth, while Tanzania continues to foster a hostile mining investment environment.
- A likely regime change in Burkina Faso and a worsening national security situation will weigh on the mining sector in the near term.
- The Guinean President’s decision to seek a third term in the October election and the increased risk of violent government responses to related protests will likely deter mining investment.

In the last quarter of 2020, several key Sub-Saharan African mining countries will undergo Presidential elections including Burkina Faso, Côte d’Ivoire, Ghana, Guinea and Tanzania. Our Country Risks analysts expect most of the countries to see the reelection of current presidents, thus boding well for policy continuity.

Additionally, we expect Covid-19 to increase the risk of shifting mining regulations towards higher royalties and taxes on miners, with SSA scoring the lowest on average within our mining tax increase risk Index. We highlight Guinea and Mali among the 15 countries we believe are most likely to consider hiking mining taxes following the pandemic. At the same time, we expect increasing security risks, regime changes and unfavourable mining policies in a few of these countries will continue to erode foreign investment in the mining sector. We have broken down the likely election outcome and its impact on the domestic mining sector below.

Ouattra Re-Election Will Underpin Mining Industry Expansion

The likely presidential victory of incumbent Alassane Ouatara will support the continuing growth of the mining industry in Côte d’Ivoire. Our Country Risk team expects current President Ouattara, of the ruling Rassemblement des houphouëtistes pour la démocratie et la paix (RHDP), to secure a third term in October. Since his assumption of office in 2011, Ouattara’s administration has encouraged the growth of the mining sector in order to reduce the country’s economic dependence on agricultural commodities. In 2014, the government passed a new mining code designed to increase mining investment by enhancing exploration permit lengths, providing for tax stability and international arbitration in dispute resolution.

Upon reelection, we expect Ouatrrara to persist in its goal of widening the share of mining industry in Côte d’Ivoire’s GDP by continuing business-friendly policies. At the same time, as the economic importance of the industry expands, we highlight concurrent rising risks of resource nationalism. In addition, our Country Risk team highlights elevated risks of political unrest surrounding the election outcome, due to the
expectation that the losing candidates will reject the result.

**Akufo-Addo To Prioritise Small-Scale, Community Mining Over International Firms**

In August 2020, Akufo-Addo claimed that the involvement of mining communities will emphasize small-scale mining operations over major corporations. In February 2019, Ghanaian president, Nana Akufo-Addo motioned for African governments to stop employing fiscal incentives to attract foreign investment in the mining sector. He stated that foreign mining companies should not expect to make monumental profits off of Africa’s resources.

**Persisting Resource Nationalism To Challenge Mining Sector**

Likewise, a victory of Ghanaian Presidential incumbent, Nana Akufo-Addo, will foster a continuation of the anti-Galamsey agenda of the New Patriotic Party (NPP). Despite a recent decline in approval, our Country Risk team expects the NPP to maintain control of the Presidency and legislature in Ghana’s December general elections. Incumbent Akufo-Addo has been vocal against the widespread practice of Galamsey, or illegal gold mining, even alleging the involvement of politicians and chiefs. As a part of its 2020 manifesto, the NPP has sought to focus on domestic communities by ensuring 30.0% of mine gold is refined in Ghana and reallocating 10.0% of the mining royalty share from the government to mining communities. Furthermore, in its efforts to combat Galamsey, the NPP has amended the mining code to increase penalties and established a strict task force, known as GALAMSTOP, to seize and destroy associated equipment.

The implementation of community mining programmes designed to train and employ the Ghanaian youth, will emphasize small-scale mining operations over major corporations. In August 2020, Akufo-Addo claimed that the involvement of mining communities will allow Ghanaians to be able to take over operating the extractive sector in the future. This coupled with previous nationalistic statements made by the president will maintain the risk of resource nationalism.

In February 2019, Ghanaian president, Nana Akufo-Addo motioned for African governments to stop employing fiscal incentives to attract foreign investment in the mining sector. He stated that foreign mining companies should not expect to make monumental profits off of Africa’s resources.

We expect to witness continuing displays of resource nationalism in Tanzania in the coming months, especially as gold prices remain elevated amid an uncertain global economic environment. The resource nationalistic reforms implemented under Magufuli caused Tanzanian government revenue to increase 52.6% y-o-y, to USD528bn in the 2019/20 fiscal year, attesting to the financial impact on firms. In August 2020, **Indiana Resources** announced it was preparing to submit an arbitration request against the Tanzanian government specifying the illegal expropriation of the Ntaka Hill Nickel Project in 2019 as the cause. The government’s hostile attitude towards international investors will in turn dissuade foreign investment in the mining sector.

**Opposition Victory To Heighten Policy Uncertainty Amid National Security Concerns**

The increasing likelihood of a regime change in Burkina Faso, will increase mining policy uncertainty in the near term. Our Country Risk team has recently highlighted the rising potential for incumbent candidate, President Roch Marc Christian Kaboré loses the November election to the opposition. Furthermore, there is also rising potential for the ruling Movement for Progress (MPP) party to lose its majority in the general elections, underpinned by the worsening security situation,
struggling economy and cooperation between Burkina Faso’s two main opposition parties. Although the investor friendly mining code issued in 2015 has been upheld by the Kaboré administration, the country’s deteriorating security has strongly impacted the mining sector.

At the same time, a new administration may present upside risks to the national response to terror attacks affecting the mining sector. Most notably, in November 2019, 39 individuals died after assailants blew up an armored escort vehicle and fired at the buses carrying mining workers to the Boungou mine operated by Canadian firm Semafo. The recent military coup in neighbouring Mali will hinder regional counterterrorism efforts, placing increasing pressure on the next administration to counter armed groups which have targeted gold mining convoys and sites since 2016. Islamic militants previously pushed out of northern Mali by French troops in 2013, have since moved across the borders and into Burkina Faso.

Furthermore, the heightened security risk will continue to reduce exploration activities led by skilled expatriates due to elevated kidnapping concerns. In January 2019, Canadian geologist Kirk Woodman was found murdered after being abducted from a mine exploration site in northern Burkina Faso. Woodman’s death, conveys that significant security risks present outside of transportation, as most expatriate staff are flown in to mining sites. In turn, we expect to see a decline in foreign investment in Burkina Faso, unless the government is able to clamp down on terror attacks.

**Military Coup D’état And Non-Friendly Mining Ode To Challenge Mining Investment**

Rising political uncertainty, following a military mutiny in August 2020, and an unfavorable mining code will not bode well for mining investment in Mali. Our Country Risk team has recently revised down its Short-Term Political Risk Index score for Mali to 29.6 out of 100 from 34.6 previously after Malian President Ibrahim Boubacar Keïta resigned and dissolved parliament on August 18. Keïta’s resignation came in response to a military coup during which he was held at gunpoint. The National Committee for the Salvation of the People, responsible for the coup, have promises to organize general elections, while the Economic Community of West African States will likely look to restore power within a quicker time frame.

The lack of a democratically-elected government will increase policy uncertainty in the near term, although we highlight the low-probability of significant changes within the mining industry from the new code announced in August 2019. The new mining code is less investor-friendly, particularly towards junior miners. It removed the previous value-added tax (VAT) exemption enjoyed during mine production and decreased the stability period during which firms are protected from changes to financial and customs regulations.

**Social Unrest Following An Incumbent Victory To Discourage Mining Investment**

Lastly, the recent confirmation that current Guinean President Alpha Condé will seek a third term in the country’s October election will increase policy uncertainty in the mining sector. In August, the ruling Rally of the Guinean People (RPG) party nominated Condé as its candidate following a constitutional reform passed in March 2020 which lifted the previous two-term limit. Our Country Risk team has noted the likelihood for Condé’s election victory, supported by the benefits of incumbency and the RPG’s strong legislative majority. However, mass protests have been organised for almost a year opposing Condé seeking a third term. The National Front for the Defence of the Constitution (FNDC), an opposition group, announced on September 1 that it would be staging demonstrations in response the Condé’s nomination acceptance. At previous FNDC protests, clashes between protestors and national security forces have left several civilians dead and wounded.

Moreover, the increased risk of violent government responses to civil unrest will likely deter mining companies from supporting the investor-friendly regime. During Condé’s first term in office, Guinea amended its mining code to reduce taxes and support investment. The 2013 revisions reduced taxes on mining profits by 5.0% to 30.0% and the tax on bauxite by 72.7%, lowering it to 0.15% of the international aluminium market price.
Nigeria: Current Account Deficit Set To Widen In 2021

Key View

- We at Fitch Solutions expect Nigeria’s current account deficit to narrow to 2.5% of GDP in 2020 from 3.7% in 2019, before widening to 3.4% of GDP in 2021.

- The 2021 forecast represents a downward revision from our previous projection of 4.1%, reflecting weaker private consumption growth expectations and the government’s decision to implement tighter import restrictions.

- Nigeria’s primary income balance is likely to remain under pressure in 2021 on account of weak portfolio and foreign direct investment inflows.

NIGERIA—ECONOMIC OUTLOOK

We at Fitch Solutions expect Nigeria’s current account deficit will narrow to 2.5% of GDP in 2020 compared to 3.7% in 2019. While our Oil & Gas team expects the value of Nigeria’s hydrocarbons exports to decline by 40.9% y-o-y, this will be partially offset by a 25.5% fall in imports in US dollar terms. The double-digit decline in imports is the result of the depreciating currency and weak domestic demand, including falls in private consumption linked to anti-coronavirus lockdown restrictions and rising unemployment, lower fixed investment and weaker government spending on capital projects.

We expect the current account deficit to widen to 3.4% of GDP in 2021 notwithstanding a weak recovery in the hydrocarbon sector. While our Oil & Gas team expects the value of net oil and gas exports to rise by 20.8% to USD28.6 bn in 2021, the increase is to some extent the result of base effects caused by the deep contraction in 2020; in absolute terms, the value of oil and gas exports will likely be well below the pre-coronavirus five-year average of USD34.0bn per annum. The modest nature of the recovery is due to oil prices remaining persistently low (our Oil & Gas team expects that global Brent crude prices will rise to an average of USD51.0 per barrel (bbl) in 2021 compared to USD44.0/bbl in 2020, but this remains below the pre-2020 five-year average of USD57.9/bbl) and production continuing to be strained by Nigeria’s obligations under the OPEC+ deal, which commits member states to cut output to reduce the global oil supply glut and stabilise global prices. Having met only 65.0% of its production cut quota obligations by July 2020, Nigeria will come under pressure to trim production well into 2021, and potentially into 2022, to compensate for targets missed in 2020. Our Oil & Gas team forecasts oil production to average 750.0mn bbl/year, having averaged 745.5mn bbl/year in 2020 and 775.1mn bbl/year over the preceding decade. As a result of this relatively limited improvement in output and prices, we expect Nigeria’s oil and gas exports, which accounted for 11.3% of GDP in 2019, will provide only limited tailwinds to exports and thus the goods trade balance.

Meanwhile, we expect imports to rebound, although by less than previously forecast. As the economy gradually recovers following the coronavirus pandemic, we expect both private consumption and gross fixed capital formation to rise in 2021, by 5.0% y-o-y and 4.0% y-o-y respectively, reflecting improving domestic economic activity and demand on the back of the removal of coronavirus restrictions and steadying consumer and business confidence. Imports are consequently expected to rise by 7.0% y-o-y in 2021, following a 25.5% fall in 2020, though the 2021 forecast represents a downward adjustment from our previous 11.3% estimate.

The reasons behind the revision are two-fold. Firstly, while our private
consumption expectation signals a return to growth in 2021, we have revised down the forecast relative to our earlier projection on account of higher inflation expectations, which we expect to average 13.6% through to 2021, reducing household purchasing power and slowing the pace of the demand recovery. Secondly, a recent government directive banning the central bank from providing foreign exchange for food imports (food products constitute around 13.5% of the overall import basket), with a view to preserving foreign reserves, will curb import growth relative to our previous expectations.

Having become increasingly reliant on portfolio inflows to finance the current account, we expect Nigeria to face continued macro strains on account of the muted investment outlook in 2021. Following sharp declines in 2020 (recent data indicate capital inflows declined by a respective 32.1% and 77.9% y-o-y in Q120 and Q220), appetite from portfolio investors is likely to remain subdued in 2021 due to Nigeria’s negative real interest rates, which have been exacerbated by the Central Bank of Nigeria cutting its monetary policy rate (MPR) by a cumulative 200 basis points during 2020, taking the MPR to 11.5%, the lowest rate since 2016. Foreign direct investment is similarly expected to remain slack on account of continued challenges in the operating environment – our Operational Risk team ranks Nigeria 146 out of 201 countries in their Operational Risk Index – and limited progress on implementing business-friendly reforms. Inflows of secondary income, however, are expected to improve somewhat as economic recoveries in markets with large Nigerian diaspora communities, notably the US and UK, result in higher earnings and thus improved remittance inflows.

### Nigeria – Data & Forecasts

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<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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<th>2021f</th>
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<td>1,638.6</td>
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<td>Dry natural gas consumption, bcm</td>
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<td>14.9</td>
<td>14.7</td>
<td>15.5</td>
<td>16.2</td>
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</tbody>
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*f = Fitch Solutions forecast. Source: National sources, Fitch Solutions*
CAMEROON – ECONOMIC OUTLOOK

Poised For A Steady Economic Recovery In 2021

Key View

- We have revised down our forecast for Cameroon’s real GDP growth in 2020 to -1.6% y-o-y from our previous expectation of -0.9%.

- Covid-19 lockdown measures will continue to restrict consumption, but we expect Q220 and Q320 to be the low point, with high-frequency data suggesting that the economy is gathering momentum.

- Stable exchange rate and price conditions will further support the recovery, having already mitigated the impact of the oil price slump, and we expect GDP growth to recover to 4.5% in 2021.

We at Fitch Solutions have revised down our forecast for Cameroon’s real GDP growth to -1.6% y-o-y in 2020 from our previous projection of -0.9% due to weaker expectations for net exports and investment as well as persistently soft domestic demand. Though this represents Cameroon’s deepest contraction in over two decades, the slowdown is less severe than that forecast for other oil exporting markets such as Nigeria (which will likely contract by 6.0%) and Angola (4.0%), which are more dependent on oil for their export earnings and lack Cameroon’s relative currency and price stability.

The slump in exports, particularly of oil, will weigh on growth in 2020. With oil responsible for over half the value of Cameroon’s goods exports, the collapse in global prices (our Oil & Gas team expects Brent crude to average USD44.0 per barrel [/bbl] in 2020, down from an average of USD64.2.0[/bbl] in 2019) and subdued global demand resulting from the coronavirus crisis will result in net oil exports falling by 75.3%. Non-oil exports will also underperform, pressured by slack demand in major trade partners, notably the EU-27 (non-oil exports constituted 50.9% of EU imports from Cameroon in 2019), trade disruptions and restrictions on food exports announced in August (the latter intended to mitigate domestic food shortages). The combined fall will see total goods exports contracting by 12.8% in 2020. Imports will also weaken on account of lower demand, but at a lower rate, resulting in the trade deficit expanding to 3.6% of GDP in 2020 compared to 1.3% in 2019, before moderating somewhat to 2.7% in 2021.

Private consumption will also be constrained, given lockdown measures aimed at curbing the spread of coronavirus (Cameroon has Sub-Saharan Africa’s seventh-highest confirmed coronavirus caseload, with 19,848 cases as of September 10). We expect growth in private consumption, the largest component of GDP, to slow to 0.8% y-o-y in 2020 compared to 4.5% in 2019 amid a wider slowdown in business activity, notably in Q220 and Q320. The resulting hit to tax revenues will, together with lower oil export receipts, cause Cameroon’s fiscal deficit to widen to 10.5% of GDP in 2020 from 7.7% in 2019 and force the government to implement several fiscal consolidation measures which will see government consumption slowing to 2.2% in 2020 from 6.0% in 2019, despite emergency support from multilateral lenders and reduced debt servicing pressures enabled by the G20 Debt Service Suspension Initiative.

However, high-frequency data indicate the recovery is under way. Mobility data supplied by Google indicates a steady uptick in activity, notably a 13% increase in public transport activity and a 20% rise in movement in and around sites used for retail and recreation between July 26 and September 6. The Littoral and Centre regions, home to Cameroon’s two largest cities Douala and Yaoundé, experienced 23% and 13% increases for retail and recreation activity respectively during the period. These figures point to a steady improvement in non-commodity sectors over the coming quarters, particularly private consumption, which we expect to return to steady growth of 3.4% in 2021. Helped by further easing of coronavirus lockdown restrictions and targeted fiscal stimulus measures, this acceleration is likely to gather pace and be reflected in the performance of the wider economy, with a recovery in GDP growth of 4.5% expected in 2021 (compared to the pre-coronavirus average of 4.4% between 2014 and 2019).

Stable exchange rate and price conditions will aid the recovery in 2021. Cameroon’s membership of the Central African franc (CFA) zone, and actions taken by the its central bank, the Banque des Etats de l’Afrique Centrale (BEAC), will lay the foundations for a return to growth in 2021. Cameroon is able to draw on reserves held by the BEAC, enabling it to continue meeting its balance of payments needs. It will also continue to benefit from price stability resulting from the CFA franc’s peg to the euro. The peg is backed by the French Treasury and has seen the CFA franc appreciate in line with the euro relative to the dollar in Q320 compared to H120. We expect the exchange rate to be largely stable in 2021, offsetting inflationary pressures emanating from food and fuel prices and resulting in CPI easing to 2.6% in 2021 from 2.8% in 2020. This will support real incomes and ensure
Cameroon avoids the erosion of purchasing power occurring in other commodity exporting markets, for instance Nigeria (where inflation is likely to average 13.1% in 2021) and Angola (16.9%).

The stable inflationary environment will furthermore give the BEAC room to maintain its loose monetary policy stance. In Q220, policymakers trimmed the benchmark interest rate by 25 basis points to 3.25%, a level we expect to persist through to 2021, helping to reduce pressure on borrowers by lowering the cost of credit.

On the back of improving economic conditions, investment will rise, albeit unevenly. The gradual normalisation of economic conditions coupled with government support for businesses (such as targeted tax breaks and holidays) and continued public infrastructure investment will support a rise in fixed investment in 2021 of 2.1% y-o-y from -2.0% in 2020. However, Cameroon's troubled Anglophone region will continue to be an outlier. Investors are likely to stay away given escalating violence, which has already resulted in 3,000 deaths and the displacement of 500,000 people, according to UN reports.

### Cameroon – Data & Forecasts

<table>
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<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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<th>2020f</th>
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<td>3.2</td>
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<td>Dry natural gas production, bcm</td>
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f = Fitch Solutions forecast. Source: National sources, Fitch Solutions
AFRICA – INDUSTRY OUTLOOK

At Least Three Years For SSA Autos To Recover From Covid-19 Damage

Key View
- The Sub-Saharan Africa (SSA) region's vehicle market will take at least three years to recover lost ground following the severe impact that the Covid-19 pandemic had, and will continue to have, on the region's automotive market over the remainder of 2020, and possibly into the first half of 2021.

- Economic reform momentum in SSA continues to be slow and uneven, which means that economies in the region will not have the fiscal strength to stimulate their economies and in turn their automotive markets.

- Nigeria continues to prioritise domestic objectives over regional cooperation and business-friendly reforms, while South African President Cyril Ramaphosa's reform agenda continues to face opposition, including from within the ruling party. This lack of progress is reflected in our 2020 vehicle sales estimates and in our 2021 forecasts.

We believe that the SSA region's vehicle market will take at least three years to recover lost ground following the severe impact that the Covid-19 pandemic had, and will continue to have, on the region's automotive market over the remainder of 2020, and possibly into the first half of 2021. We forecast that the SSA region's vehicle sales will increase by 2.2% in 2021, following an estimated contraction of 15.7% in 2020, to reach an annual sales volume of just over 960,000 units. Breaking down our 2021 forecast, we expect passenger vehicle (PV) sales to increase by 2.2% and for commercial vehicle (CV) sales to expand by 2.0%. That said, we note that there is some upside risk for CV sales if governments in the SSA region utilise infrastructure spending to stabilise their economies. The SSA region remains the smallest regional vehicle market globally as we forecast 2021 sales to remain under 1mm units. The next closest region in terms of size is the Middle East And North Africa (MENA) region at just under 2.34mn units forecast to be sold in 2021.

Economic reform momentum in SSA continues to be slow and uneven which means that economies in the region will not have the fiscal strength to stimulate their economies and in turn their automotive markets. Progress in reform lags like Nigeria and South Africa remains limited, while there have been setbacks in outperformers like Ethiopia. Nigeria continues to prioritise domestic objectives over regional cooperation and business-friendly reforms, while South African President Cyril Ramaphosa's...
reform agenda continues to face opposition, including from within the ruling party. This lack of progress is reflected in our 2020 vehicle sales estimates and in our 2021 forecasts. We estimate that vehicle sales in Nigeria and South Africa will contract by 40.0% and 32.4% respectively in 2020. Furthermore, we forecast that vehicle sales for Nigeria and South Africa in 2021 will remain weak and contract by 5.0% and 2.3% respectively.

Ethiopia remains committed to the liberalisation of key sectors traditionally controlled by the state, but the government is reconsidering its welcoming stance on foreign ownership. This backtracking, coupled with the high cost of vehicles along with the low-income consumer base, will see the country’s vehicle sales contract by 14.9% in 2020, but the rebound in economic activity we expect in 2021 will help the country’s vehicle sales rebound by up to 18.7%, albeit at very low volumes. Furthermore, while Angola’s President João Lourenço’s anti-corruption and privatisation agenda is moving ahead, external demand constraints and low oil prices have erased the short-term gains of efforts to increase investor interest in the country’s declining oil sector. We, therefore, forecast that vehicle sales will contract by 14.5% in 2021, a slight improvement from our 2020 estimated contraction of 46.6%.

Nigeria’s Regulatory Uncertainty Will Compound Risks

We believe that the regulatory risk that the ride-sharing industry faces in Nigeria will add additional downside risk to an already bearish vehicle sales outlook in 2021. This is due to recent moves by the Lagos state ministry of transport to further regulate the growing industry, following a previous policy change in Q120 that limited the operations of two- and three-wheeled motorcycle-hailing services in the state, which prompted many firms to either relocate to other states in the country or convert existing operations into delivery services. We highlighted previously the rising risks to the growth of Nigeria’s e-transport services.

We believe that Nigeria’s depreciating local currency will raise the cost of imported vehicles, dampening total vehicle sales demand due to the country’s dependence on imported vehicles. Increasing shortages of foreign exchange in the country will also result in vehicle dealers facing difficulties in importing new vehicles. Due to a high reliance on imported new vehicles to satisfy Nigeria’s domestic demand, rising import costs will dampen demand for new vehicles considering the increased strain consumers, businesses and the government are facing due to Covid-19-induced economic weakness. We forecast that the country’s vehicle sales will contract by 5.0% in 2021, following an estimated contraction of 40% in 2020.

The new laws regulating the ride-hailing industry, which include new licensing fees and extra taxes, are set to increase regulatory bottlenecks as well as the cost of doing business in the country’s most populous and wealthy state. Our Operational Risk team believes severe red tape and high levels of bureaucracy in state institutions lead to long delays in receiving official approvals for projects and other applications. Under the Operational Risk Index’s legal risk pillar, which measures the bureaucratic effectiveness and legal systems of countries, Nigeria significantly underperforms its West African regional peers. The country ranks in the bottom 15th percentile globally and 12th out of 16 countries in West Africa for the same metric, with a score of 30.0 out of 100.

According to released documents by the ministry, ride-hailing services will now be categorised into two operations, namely: Service Entities, which are those that offer ride-hailing services without the ownership of a fleet of vehicles such as Uber and Bolt, and Taxi and App Operators, which are firms that offer ride-hailing services utilising the company’s own vehicles, such as traditional taxi firms. The new categorisation, and related new fees, will disproportionately impact ride-hailing firms whose business model is hinged on the utilisation of vehicles owned by the drivers, resulting in ride-hailing firms in the Service Entities categorisation facing higher cost burdens, which will most likely be passed on to commuters. This also leads us to believe that the well-established informal minibus taxi industry, which is already prevalent in the state, will continue to enjoy dominance in public transportation for as long as the new ride-hailing laws are in effect. Although the taxi firms that utilise their own vehicles will face lower costs, the introduction of more fees will also weigh on the amount of time it takes firms to generate enough revenues to cover the cost of purchasing new vehicles.
Direct Tax issues and compliances for retailers, merchants and traders

CA Nikhil Tiwari and CA Mihir Chitalia

The Income Tax Act (ITA), 1961, contains various provisions for taxation of income and the related compliances to be complied by the taxpayers who are retailers, merchants and traders.

Various circulars and notifications have been issued by the CBDT in the past few months. The small businesses like the retailers, merchants and traders usually face a dilemma of complying with the multiple compliance provisions of the ITA. Further, it becomes more difficult with the continuous changes brought in the ITA. With the COVID-19 pandemic, as the small businesses struggle to restart their business activities, it is also crucial to comply with the compliance provisions as per the ITA to avoid any penal exposure. In view of the same, this article will act as a guide and single point of reference for small businesses to refer to the key direct tax issues and compliance provisions to avoid any penal exposure or any litigation.

1 Compliance provisions in ITA

The ITA provides for compliance in form of filing of income tax return to be filed by each taxpayer. In addition to the same, the taxpayers are also required to comply with other provisions like deducting and payment of TDS, filing of TDS returns, payment of advance tax and various other provisions within the due dates prescribed, depending on the nature of the business of the taxpayer.

a) Due dates for filing the return of Income:

<table>
<thead>
<tr>
<th>Company</th>
<th>Due Dates</th>
<th>Revised Due Dates due to COVID - 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return to be filed u/s 139(1) for AY 2020-2021</td>
<td>31.10.2020</td>
<td>31.01.2021</td>
</tr>
<tr>
<td>Belated or revised return to be filed u/s 139(3)/(5) for AY 2020-2021</td>
<td>31.03.2021</td>
<td>31.03.2021</td>
</tr>
<tr>
<td>Belated or revised return u/s 139(3)/(5) for AY 2019-2020</td>
<td>31.03.2020</td>
<td>30.11.2020*</td>
</tr>
</tbody>
</table>

*The due date for filing return of AY 2019-2020 has not been further extended vide Notification no.88/2020

- Further, default in furnishing of return of income as per the due dates, would attract interest u/s 234C at simple interest of 1% p.m. from end of due date to the date on which return is filed and where no return is filed, the date when assessment is completed u/s 144 of ITA.
- In view of COVID-19 as relief to small taxpayers, if self-assessment tax to be paid for AY 2020-2021, is less than Rs.1 lakh, the same can be paid before filing of return and no interest u/s 234A shall be leviable.
- Also, failure to furnish return of income where tax evaded exceeds Rs.2.5 lakhs would have exposure to prosecution u/s. 276CC.
**b) Advance Tax due dates for FY 2020-21 (AY 2021-22):**

<table>
<thead>
<tr>
<th>Tax due</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>First instalment of advance tax (15% of tax due)</td>
<td>15.06.2020</td>
</tr>
<tr>
<td>Second instalment of advance tax (45% of tax due)</td>
<td>15.09.2020</td>
</tr>
<tr>
<td>Third instalment of advance tax (75% of tax due)</td>
<td>15.12.2020</td>
</tr>
<tr>
<td>Fourth instalment of advance tax (100% of tax due)</td>
<td>15.03.2021</td>
</tr>
</tbody>
</table>

- Failure to pay advance tax within the time limits as per the above due dates would attract interest u/s 234B and 234C.
- Interest u/s 234B is levied at 1% p.m., when advance tax paid is less than ninety percent of the assessed tax. Interest u/s. 234C is levied at 1% p.m., if the advance tax is not paid as per the above mentioned instalments limits.
- However, as a COVID-19 relief measure, the interest payable was reduced to 0.75% p.m. for taxes paid in period 20.03.2020 to 29.06.2020 in view of the Tax Ordinance 2020.

**c) TDS provisions**

The below table summarises the key provisions of TDS and the rates applicable. Further, in view of the hardships faced due to COVID-19, the Government of India announced that the TDS rates would be reduced by 25% for period of 14.05.2020 to 31.03.2021.

<table>
<thead>
<tr>
<th>Section</th>
<th>Nature of Income</th>
<th>Rate of TDS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Existing Rates</td>
</tr>
<tr>
<td>193</td>
<td>Interest on Securities</td>
<td>10%</td>
</tr>
<tr>
<td>194</td>
<td>Dividend</td>
<td>10%</td>
</tr>
<tr>
<td>194A</td>
<td>Interest other than interest on Securities</td>
<td>10%</td>
</tr>
<tr>
<td>194C</td>
<td>Payment to Contractors</td>
<td>1%: If deductee is an individual or HUF 7.50%: If deductee is an individual or HUF 2%: In any other case 1.50%: In any other case</td>
</tr>
<tr>
<td>194H</td>
<td>Commission and Brokerage</td>
<td>5%</td>
</tr>
<tr>
<td>194-I</td>
<td>Rent</td>
<td>10%: If rent pertains to hiring of immovable property 7.50%: If rent pertains to hiring of immovable property 2%: If rent pertains to hiring of plant and machinery 1.50%: If rent pertains to hiring of plant and machinery</td>
</tr>
<tr>
<td>194J</td>
<td>Royalty and Fees for Professional or Technical Services</td>
<td>2%: If royalty is payable towards sale, distribution or exhibition of cinematographic films 1.50%: If royalty is payable towards sale, distribution or exhibition of cinematographic films 2%: If recipient is engaged in business of operation of call Centre 1.50%: If recipient is engaged in business of operation of call Centre</td>
</tr>
<tr>
<td>194-O</td>
<td>Payment by e-commerce operator to e-commerce participant (applicable w.e.f. 01-10-2020)</td>
<td>1%</td>
</tr>
</tbody>
</table>
i. **Provisions of section 194-O – Payment by e-commerce operator to e-commerce participant (applicable w.e.f 01-10-2020)**

- The provisions of section 194-O was inserted vide Finance Act 2020, w.e.f. 1 October 2020, wherein e-Commerce operators would be required to deduct TDS @1% at the time of credit to the account of an e-commerce participant or at the time of making payment to an e-commerce participant by any other mode, whichever is earlier.

- An e-Commerce operator is a person who owns, operates, or manages a digital/electronic facility for the sale of goods and services. He is responsible for making payments to the e-Commerce participant on such sales.

- An e-Commerce participant is a person who sells goods, services, or both through an electronic facility provided by an e-Commerce operator.

- The purpose of the introduction of Section 194O is to widen the TDS base by bringing e-Commerce participants under the tax, as customers prefer digital platforms for buying or selling of goods.

ii. **Provisions of payment to Non-residents u/s. 195**

- Any person making payment to non-residents (not being a company or foreign company), is at the time of making payment or at the time of credit of such income to account of payee required to deduct income tax at the rate in force under the ITA.

- In this regard, reference should be made to the Double tax avoidance agreement (DTAA) entered into by India with the respective country, for the rates mentioned in the DTAA. If the rate mentioned in the DTAA is lower than the rate as mentioned in the ITA, then as per section 90(2) of the ITA, the provisions of ITA or DTAA shall be applicable to the extent they are more beneficial to that assessee. Accordingly, if the tax rates in DTAA are lower than ITA, the provisions of DTAA shall prevail over ITA.

iii. **Consequences of failure to deduct TDS**

- As per section 40(a)(i), in case if any assessee fails to deduct TDS or deducts but has not been paid before the filing of return, for payment made outside India or in India to a non-resident, such amount shall not be allowed to be deductible while computing the income from business or profession.

- Further, as per section 40(a)(ia), if assessee fails to deduct TDS or deducts but has not been paid before the due date of filing return, for payment made by any mode other than under forest lease, the thirty percent sum disallowed earlier, shall be allowed in the year in which such tax has been paid.

- Failure to deduct or pay TDS attracts interest, penalty and prosecution. If TDS is not deducted, or deducted but fails to pay to the government would attract interest u/s 201 of the Act at 1% p.m. and 1.5% p.m. respectively.

- Further, proceedings u/s 201 i.e. default proceedings are initiated when any default is committed by the assessee either in non-deducting TDS, or in not paying the tax or in deducting but not depositing or short deduction of TDS.

- Penalty is levied u/s 271C which is equal to failed to deduct or pay and prosecution under section 276BB.

**d) TCS provisions**

i. **TCS provisions on sale of alcoholic liquor, forest produce, scrap, etc under section 206C(1)**

- Every person, being a seller shall collect from the buyer of any goods of the nature specified in the Table below, a sum equal to the percentage, specified in the corresponding entry in column of such amount as income-tax:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Nature of goods</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Alcoholic Liquor for human consumption</td>
<td>1%</td>
</tr>
<tr>
<td>2</td>
<td>Tendu leaves</td>
<td>5%</td>
</tr>
<tr>
<td>3</td>
<td>Timber obtained under a forest lease</td>
<td>2.5%</td>
</tr>
<tr>
<td>4</td>
<td>Timber obtained by any mode other than under forest lease</td>
<td>2.5%</td>
</tr>
<tr>
<td>5</td>
<td>Any other forest produce not being timber or tendu leaves</td>
<td>2.5%</td>
</tr>
<tr>
<td>6</td>
<td>Scrap</td>
<td>1%</td>
</tr>
<tr>
<td>7</td>
<td>Minerals, being coal or lignite or iron ore</td>
<td>1%</td>
</tr>
</tbody>
</table>
Knowledge

• However, no collection of tax shall be made in the case of a buyer, who is resident in India, furnishes to the seller, a declaration in writing that the goods referred are to be utilised for the purposes of manufacturing, processing or producing articles or things or for the purposes of generation of power and not for trading purposes.

ii. TCS provisions on sale of motors cars exceeding Rs.10 lakhs under section 206C(1F)

• Every person, being a seller, who receives any amount as consideration for sale of a motor vehicle of the value exceeding Rs.10,00,000, shall, at the time of receipt of such amount, collect from the buyer, a sum equal to 1% of the sale consideration as income-tax.

• Section 206C(1F) has been brought to cover all transactions of retail sales and accordingly it will not apply on sale of motor vehicles by manufacturers to dealers/distributors.

• The seller shall collect the tax @ 1% from the purchaser on sale of any motor vehicle (and not from purchaser of Luxury Cars only) of the value exceeding Rs.10,00,000.

• Section 206C(1F) is applicable to each sale and not to aggregate value of sale made during the year

iii. TCS provisions on sale of goods exceeding Rs.50 lakhs under section 206C(1H)

• Finance Act, 2020 amended provisions relating to TCS with effect from 1st October, 2020 to provide that seller of goods shall collect tax @ 0.1 per cent (0.075% up to 31.03.2021) if the receipt of sale consideration from a buyer exceeds Rs. 50 lakhs in the financial year.

• Further, to reduce the compliance burden, it has been provided that a seller would be required to collect tax only if his turnover exceeds Rs. 10 crore in the last financial year. Moreover, the export of goods has also been exempted from the applicability of these provisions.

• The CBDT issued a Circular no. 17/2020 dated 29.09.2020 to clarify that the provisions of section 206C(1H) shall be applicable w.e.f. 1 October 2020. The Circular also clarified the threshold by an example: A seller who has received Rs. 1 crore before 1st October, 2020 from a particular buyer and receives Rs. 5 lakh after 1st October, 2020 would be required to collect tax on Rs. 5 lakh only and not on Rs. 55 lakh [i.e Rs.1.05 crore - Rs. 50 lakh (threshold)] by including the amount received before 1st October, 2020.

2 Presumptive taxation

Presumptive taxation scheme allows taxpayer to calculate tax on income or profit. The tax is computed and paid on basis of the turnover or gross receipts of the taxpayer without any deduction of expenses provided under the ITA.

• As per section 44AD, a person can opt for presumptive taxation if it complies with the other provisions of the Act, whereby a sum equal to 8% (6% in case the amounts are received through electronic mode or banking channels) of the total turnover or gross receipts in the previous year shall be deemed to be the profits and gains of such business chargeable to tax under the head profits and gains of business or profession.

• In such a case, the deductions allowable u/s 30 to 38 shall be deemed to have been given effect to and no further deduction is allowed.

• Salary and interest paid to partners would not be allowed as a deduction.

• If the person is covered under presumptive taxation, and reports profits lower than 8% (or 6% as the case may be) it is required to maintain books of accounts and get it audited if total income exceeds the maximum amount not chargeable to tax.

• All businesses run by individuals, HUFs or partnership firms, except for those earning commission and brokerage or into agency business, whose total turnover or gross receipts in the previous year does not cross Rs. 2 crores are covered.

• Similar presumptive tax provisions are available to tax payers engaged in the business of plying, hiring or leasing goods carriages under Section 44AE of the Act if specified conditions are met.

3 Provisions in relation to books of accounts and audit
There are specific provisions for maintenance and audit of books of accounts for specific taxpayers and this forms part of the overall compliance provisions under the ITA. This compliance provisions are essential which needs to be complied by the applicable taxpayers, to avoid any penalty. As per Rule 6F(5) provides that the books of accounts and other documents are to be kept for at least 6 years from the end of relevant assessment year.

a) **Maintenance of books of accounts**
   - In case of person carrying on business/profession other than being a professional, needs to maintain books of accounts if the income from business of profession exceeds Rs.1.20 lakhs or gross receipts/ sales/ turnover exceeds Rs.10 lakhs in any of the three immediately preceding previous year.
   - Failure to maintain or retain books of accounts would lead to penalty u/s 271A of Rs.25,000.

b) **Method of accounting to be followed for Income under head Profit and gains from business or profession and Income from other sources**
   - As per provisions of section 145 of ITA, the income chargeable under head Profit and gains from business or profession and Income from other sources either on cash basis or on mercantile system of accounting.
   - In this regard, the government has notified the Income computation and disclosure standards (ICDS) which is applicable from 1 April 2016, i.e. AY 2017-18 onwards.

4 **Deductions on certain payments for income and gains from business or profession**
   - The section 40 of ITA provides for expenses which are incurred by a person which is not allowable in computing the profit and gains from business or profession.

a) **Expenses or payments not deductible in certain cases – Section 40A(3)**
   - Where taxpayers makes any payment to a person in a day in cash, i.e., otherwise than by way of electronic mode or by an account payee cheque which exceeds ten thousand rupees, no deduction shall be allowed on such expenditure.

b) **Audit of books of accounts for persons carrying business or profession**
   - If the total sales, turnover or gross receipts, in business exceed one crore rupees in any previous year, the taxpayer is required to get its accounts audited by an accountant. However, the threshold limit is increased to five crore rupees if all the receipts or payments in cash, do not exceed 5% of the total receipts or payments, to promote the digital payments.
   - Failure to get accounts audited attracts penalty u/s 271B of a sum equal to 0.5% of total sales or turnover or Rs.1.5 lakhs whichever is less.

c) **Payments allowable only on actual payment – Section 43B**
   - Any sum payable by assessee as mentioned in the provisions of the section 43B like, any tax, duty, cess, fee, interest on loan from any public financial institution etc., shall be allowed (irrespective of the year in which liability to pay such income was incurred by the taxpayer) in the year in which it is actually paid.

d) **Corporate Social responsibility (CSR) expenses**
   - Any expenses incurred on the activities relating to CSR as per section 135 of the Companies Act 2013 shall not be
allowable as business expenditure under section 37 of the ITA.

- However, if any CSR expenditure is made in form of donation to funds like Swachh Bharat Kosh and Clean Ganga Fund in pursuance to CSR activity will be allowable as a deduction u/s 80G of the ITA.

5 Lower corporate tax rate regime

The corporate tax rate for companies in India was 30% (plus surcharge and education cess) which was considered to be one of the highest tax rate regime as compared to other countries. In line with government's Make in India programme and to encourage setting up of new companies and provide the existing domestic companies the leverage against the global foreign companies, the optional new lower tax rate regimes were introduced by the Government wherein tax rates were reduced to 22%/15% as against 30% for companies.

- a) Domestic companies (introduced by the Taxation Laws (Amendment) Act 2019)
  - W.e.f. from 1.4.2020 section 115BAA has been inserted, which allows any eligible domestic company to pay tax at reduced rate of 22% from AY 2020-21 onwards subject to fulfilling of conditions as prescribed. Few of the key conditions are as under:
    - The total income would be computed without any deduction u/s 10AA, 32(1)(iia), 35(1)(ii), 35(1)(iii), 35AD, profit linked deductions etc., without set-off of any loss or unabsorbed depreciation from earlier year and loss in relation to the aforesaid sections is deemed to have been given effect to.
    - Option once exercised cannot be withdrawn subsequently.
    - The company shifting from 30% to 22% regime, no tax under MAT is payable and also the carry forward of MAT credit will not be allowed.

- b) For small companies having turnover upto Rs.400 crs
  - As per the provisions of ITA, any company having turnover less than Rs.400 crs in FY 2017-18, the corporate tax rate applicable is 25% for AY 2020-2021, and where for AY 2021-2022, the reduced rate shall be applicable if turnover is less than Rs.400 crs in FY 2018-19.

6 Deductions

The ITA provides with various deductions and exemptions for the taxpayers, which include profit linked deductions and expenditure incurred for certain approved purposes.

- a) Deduction u/s 80JJAA
  - As per provisions of section 80JJAA of the ITA, any taxpayer who is required to get is books audited u/s 44AB and having income from business or profession, is allowed a deduction of thirty percent of additional employee cost incurred in course of business, for three assessment years including the year in which such employment is provided.
  - The above deduction is granted subject to fullment of various other conditions prescribed under the ITA.

- b) Any donations made to PM Cares Fund till 31.07.2020 can be claimed as deduction u/s 80G of ITA in the return filed for FY 2019-20

7 Minimum Alternate Tax and Alternate Minimum Tax

- As per section 115JB of the ITA, if the total income as computed under the ITA for any year is less than 15% of its book profits, such book profits shall be deemed to total income of the assessee and tax shall be payable on such income at the rate of 15%
  - Further, as per section 115JAA, the tax credit which is the difference between the tax paid under the MAT over the tax payable on the income computed as per provisions of ITA, which is allowed to be carried forward and set-off in subsequent years not beyond a limit of fifteen assessment years immediately succeeding the year in which credit becomes allowable.
  - As per section 115JC of the ITA, any person other than company, where regular tax payable for a previous year is less than the alternate minimum tax payable, in such a case, the adjusted total income shall be deemed to be the total income and the tax shall be paid at the rate of 18.5%.
  - The credit of AMT is the tax paid under AMT in excess of tax payable under regular income tax, and such credit can be carry forward and utilised for subsequent years not beyond a limit of fifteen
8 Transfer pricing and Specified domestic transaction

- As per section 92 of the ITA, any income arising from an international transaction shall be computed having regard to the arm’s length price.

- As per section 92A, there are deeming provisions if the person enters into a transaction with a foreign entity which has direct or indirect relation with the person.

- Further, as per section 92BA, any transaction not being an international transaction entered into by a taxpayer in relation to transaction referred in section 80A, transfer of goods or services as referred in section 801A(10) (engaged in infrastructure development and claiming deduction), any business transaction carried out by company claiming lower corporate tax rate of 15%, and where the aggregate of such transaction exceed twenty crores rupees, such transactions will have to be computed at the arm’s length price as per provisions of section 92C, 92D and 92E of the ITA.

- The arm’s length price is to be computed in accordance with one of the permissible methods as prescribed under section 92CA of the Act. Further, the person is also required to maintain and furnish information and documents as prescribed u/s 92D of the Act and a report from an accountant i.e. Form 3CEB.

Amendment/changes in the ITA in the recent past

The provisions of ITA are amended on an annual basis in the annual budget introduced by way of a Finance Bill, which is later approved and passed by both the Houses of Parliament, and thereby the Finance Act is enacted. In the interim period if the CBDT requires to modify or change the compliances provisions of the ITA, it is introduced in form of Notifications. Further, the CBDT also issues Circular from time to time to clarify on certain provisions of ITA for the benefit of the taxpayer and Income Tax Department.

In Indirect Tax (GST) regime, the CBIC, issues Notifications and Circulars on a regular basis to clarify or modify the provisions of the law. However, in recent times, it is noticed that even the CBDT has been issuing Circulars, Notifications, Press Notes etc. to clarify the provisions of ITA on a more frequent basis. Further, in past it has been noticed that the Government has amended the provisions of ITA, by introducing the amendments in form of Tax Ordinances rather than amending the same through Finance Bill in the annual budget. The Government has brought in following Tax Ordinances later introduced in ITA in recent past:

- The Taxation Laws (Amendment) Act 2019

Further in addition to above, in view of COVID-19, the CBDT has issued various notifications and circulars to clarify or modify the provisions of ITA. We have listed a few of the important circulars/notifications:

- Circular 8/2020 – Clarification regarding short deduction of TDS/TCS due to increase in rates in Finance Act (No 2) 2019
- Circular C1/2020 – Clarification n respect of option u/s 115BAC of ITA
- Circular 9/2020 – Clarification on Vivad Se Vishwas Act 2020
- Circular 11/2020 – Clarification is respect of section 6 residency provisions
- Order u/s 119 of the Act for extension of validity of Form 15G and 15H of FY 2019-20 till 30 June 2020
- Clarifications to order dated 31 March 2020 and 3 April 2020 for lower deduction of TDS/TCS on validity of period of certificate for FY 2019-20 and threshold or transaction limit of the certificate of FY 2019-20
- Notification no.35/2020 – Extension of time limits prescribed under the ITA in continuation to Tax Ordinance 2020
- Notification no.88/2020 – Extension of due dates for filing of Income tax return

In view of the above, it can be noted that various notifications, Circulars, Press Releases etc is released by CBDT for the various provisions of ITA. It is very crucial to refer to the same before finalising the income tax return, to avoid any penalty, interest or prosecution exposure. Further, for the other compliance provisions like due dates of TDS returns etc., reference can be made to monthly calendar published by IMC.
September 4, 2020

Mr. P. C. Mody
Chairman
Central Board of Direct Taxes
Ministry of Finance, Department of Revenue Room No.150, North Block
New Delhi - 110 011

Respected Sir,

Sub: Tax reforms recommended in view of Covid-19 impact

The Chamber appreciates the efforts of the Government in dealing with the crisis faced by the economy in the current situation at large.

However, in view of the present situation and several hardships being faced by entire sectors and most businesses, please find attached our recommendations to help revive the sectors by (i) providing impetus to industries and investments, (ii) alleviating the cash flow crisis, and (iii) addressing undue hardships, for your kind consideration. We are mindful of the dire situation faced by all stakeholders and hence almost all suggestions are not revenue-lowering, but deferrals at best.

We request your goodself to kindly consider the same and do the needful to provide relief to the taxpayers at large.

We would be happy to discuss these suggestions with your goodself or your team.

With warm regards,

Rajiv Podar   Rajan Vora
President-IMC   Chairman, Direct-tax Committee, IMC

September 4, 2020

Mr. P. C. Mody
Chairman
Central Board of Direct Taxes
Ministry of Finance, Department of Revenue Room No.150, North Block, New Delhi - 110 011

Dear Sir,

Subject: Representation on extension of timelines for filing of Income-tax returns and tax audits and transfer pricing audits for A.Y. 2020-21 on account of outbreak of COVID-19 pandemic and relaxation in levy of interest under section 234A of the Income-tax Act, 1961(‘Act’)

The Chamber appreciates the efforts of the Government in dealing with the crisis faced by the economy in the current situation at large.

However, considering the present situation and several hardships being faced by taxpayers across board and as situation has not completely returned to normal and there is lot of difficulties for compiling of data for returns (including computation of self-assessment tax) as well as audits.

With a view to assist the Government in addressing undue and unintended hardships to taxpayers, enclosed herewith are some recommendations on extension of timelines for filing of Income-tax returns and tax audits and transfer pricing audits for AY 2020-21 and relaxation in levy of interest under section 234A of the Income-tax Act, 1961(‘Act’).

Based on the issues highlighted and the rationale provided for the recommendations, we pray as under:

• Since there is lot of difficulties for compiling of data for returns as well as audits it is submitted that the due date for filing of returns for FY 2019-20 be extended to 31 March 2021 for all the taxpayers and due dates for filing of tax audits and transfer pricing audits also be extended till same date or one month prior to the same.

• Suitable amendment be made to the second proviso of the CBDT notification, in order to provide consequential relief from interest under Section 234A with extended timeline for filing return

We request you goodself to kindly consider the same and do the needful to provide relief to the taxpayers at large. In case your goodself requires any clarification, please do let us know.

With warm regards,

Rajiv Podar   Rajan Vora
President-IMC   Chairman, Direct-tax Committee, IMC
September 11, 2020

Shri Uddhav Thackeray  
Honourable Chief Minister of Maharashtra  
6th Floor, Main Building  
Mantralaya,  
Mumbai – 400 032.

Dear Sir,

Subject: (1) Disparity in Ready - Reckoner rate vs Actual transaction rate of properties at Nariman Point.

(2) High Collector charges for leasing and sale of properties on Collector’s lands

Respected Hon’ble Chief Minister,

(1) We wish to bring to your kind notice that there is huge disparity between the Ready Reckoner rates of properties at Nariman Point and the rates at which the actual transactions happen. The value of ready reckoner is much higher than the actual transaction rates. This disparity due to unrealistically high ready-reckoner rates is stalling the transactions. The high ready reckoner rates lead to higher stamp-duty fees than what it should be, unnecessarily burdening the transactions. As a result of this a lot of properties remain vacant and unsold. For income tax purpose the higher ready-reckoner rate is considered, which prevents transactions from taking place.

(2) Also, compounding to the problem is the issue of collector charges for obtaining collector NOCs for registration. Hence, the properties are difficult to sell. This has reduced the demand in the Nariman Point. 30% offices are vacant in Nariman Point.

Currently for sale of Commercial premises the Collector is charging 6% of the Ready – Reckoner value. This is unfair, since the premises owned by office owners on Collector’s land, make them virtual owners of the premises. On 07th January 2020 the Maharashtra Government has clarified that there will be no charges for residential premises on Collector’s land. We appeal to you, Sir, that the same may kindly be extended to commercial property as well.

We sincerely request you to look into it and reduce the Ready-Reckoner rate and waive the collector charges to obtain mandatory Collector NOCs.

With warm regards,

Rajiv Podar  
President-IMC

September 19, 2020

Shri P. C. Mody  
Chairman  
Central Board of Direct Taxes  
Department of Revenue  
Ministry of Finance  
Room No.150, North Block  
New Delhi – 110 011

Dear Sir,

Subject: Representations on issues addressable through circulars in view of settled legal position

The Chamber appreciates the efforts of the Government in dealing with the crisis faced by the economy in the current situation at large.

The Chamber is aware that India, along with the world, is going through the blackest of black swan situations. Hence, whatever steps can be taken to ensure that the companies stay afloat (since organized employment will be generated most through companies) would really help.

Considering the crisis faced by most of the entities and in view of the settled legal position on the matters, we pray as under:

a) A Circular may be issued to clarify that amount written back on waiver of loans is not taxable in hands of the taxpayers, in view of the Supreme Court decisions in case of in case of Mahindra & Mahindra Ltd (93 taxmann.com 32) and Compaq Electric Limited (261 Taxman 71) and all the litigations in this regard may be withdrawn; and

b) A circular may be issued to provide clarification regarding Question 23 in Circular No. 715 of 1995 and specify that payments to business centres should not be considered as “rent” and hence, should not be subject to withholding u/s 194-I of the Act and to facilitate the modification, business centres may be defined to include entities that provide essential services and not merely lease properties and accordingly, contract with business centres would be covered under section 194C of the Act.

We request you to kindly consider the same and do the needful to provide relief to the taxpayers at large.

With kind regards,

Rajiv Poddar  
President, IMC
September 11, 2020

Ms. Seema Khorana Patra
Member (Legislation)
Central Board of Direct Taxes
New Delhi

Dear Madam,


We refer to the amendment made to Section 206C of the Act by introducing sub-section (1G) to levy TCS on selling of Overseas Tour Program Package at the rate of 5% of the tour cost, with a view to widen and deepen the tax net. The Section will come into effect from 1 October 2020.

Owing to introduction of the aforementioned provisions, various hardships are likely to be faced by the Integrated Travel Service Providers industry. We have listed the same below:

• Firstly, the outbreak of COVID-19 pandemic has severely affected the tourism sector and has resulted in significant economic impact on the industry. The tourism sector would require all conceivable impetus and support from the government for a quick revival of the business and turn-around. The introduction of the new TCS provisions would hamper the revival of the tourism sector in India.

• The amendment to Section 206C of the Act is discriminatory to the local Integrated Travel Service Providers who are based in India, since, non-resident tour operators based outside of India are outside the purview of the rigors of TCS. They have no obligation in this regard under GST laws as well.

• The profit margins on the Overseas Tour Program packages provided by Integrated Travel Services providers are thin and are usually in the range of only 10 to 12%. Having a 5% TCS on such a base, coupled with further obligations under GST laws, is extremely high.

• The additional burden of TCS (10% in case of non-furnishing of PAN) could lead to travelers directly paying the consideration in foreign exchange (currency or card) to overseas suppliers. The customers, particularly frequent travellers, may opt for using foreign websites and make payment through credit cards and book overseas tour program packages directly. Accordingly, there would be significant loss of business to Indian Integrated Travel Service Providers.

• Since, the provisions of Section 206C(1G) are applicable to “Every person” buying Overseas Tour package, the same would also result into levy of TCS on foreign nationals (being foreign tourist holding Foreign Passport/Green Card/ Overseas Citizenship of India / Resident Permit etc) buying Overseas Tour package from Indian Integrated Travel Service provider. This would result in increased cost of tour packages for such tourists; thereby making it a less attractive for them to approach Indian Travel service provider as against other tour service provider (which may be from some other country) who offers the tour package at competitively low prices. It is to be noted that, the foreign national would also not be able to claim credit of the TCS amount as he/she may not be filing return of income in India. Therefore, as a result of levy of TCS @ 5% (10% in absence of PAN), there is a huge chance that such foreign national would not buy a tour package from an Indian Integrated Travel Service Provider.

• Further, the said amendment would result in increased of the compliance cost significantly for the tour operators and is likely to have adverse impact on the tourism sector (on account of additional compliances and increase in cost of Overseas Tour Program Package).

• The provisions would adversely affect small tour operators who would not have sufficient resources/ scale to deal with the additional compliance requirements on periodic basis.

Our submission:

Based on the issues highlighted above, we suggest as under:

• Defer the applicability of the amended TCS provisions for Overseas Tour Program Packages from 1 October 2020 to 1 April 2021.

• Implement a minimum threshold limit of Rs 10 lacs for applicability of above TCS provisions on purchase of Overseas Tour Program Packages from Indian Integrated Service Providers (in line with limits set for TCS on purchase of Motor Cars)

• Reduce the rate of TCS on purchase of Overseas Tour Program Packages from Indian Integrated Service Providers from the current rate of 5% to 1% (from 10% to 2% in case of non-furnishing of PAN)

• Clarification needed regarding non-applicability of the amended TCS provisions on foreign nationals buying Overseas Tour Program Packages from Indian Integrated Service Providers.

We request you to kindly consider the above and provide relief to the taxpayers at large. In case any further clarifications are needed, please do let us know.

With regards,

Rajiv Poddar
President, IMC
September 24, 2020

Shri Shaktikanta Das
Governor, Reserve Bank of India
Central Office Building, Shahid Bhagat Singh Marg, Fort, Mumbai 400001

Dear Sir,

On the behalf of IMC and my own, I thank you for inviting us to the pre-policy consultation today. We are indeed grateful for the opportunity to put across our views.

We would like to compliment the efforts of RBI for supporting the economy with rate cuts, liquidity infusion and regulatory easing.

We enclose herewith below recommendations for your kind consideration:

1. With inflation expected to ease towards 4% levels by Mar-21 and COVID crisis likely to set Indian economy two years behind in terms of overall GDP, there is a need for further extension of policy support from the RBI to avoid permanent loss of potential output. While we acknowledge that room for direct monetary easing is limited, we suggest another 25-50 bps cut in Repo and Reverse Repo Rates. While Oct-20 policy review might not have that window yet on account of recent experience with elevated and sticky inflation, but the RBI could consider utilizing the next available window in Dec 20 policy review.

2. Market participants are anxious with respect to the extent of additional fiscal borrowing required in FY21 by both central and state governments. As such, the 10Y government bond term premium (spread over Repo Rate) is currently at quite elevated levels (~200 bps above Repo Rate) despite the Repo Rate itself being at all-time low. This is having a cascading impact on state government bonds as well as corporate bonds. Given the unprecedented situation on account of COVID, the RBI could consider providing government securities and communicate accordingly so as to drive yields lower. Net OMO purchase was instrumental in supporting yields during FY19 - a similar bold exercise is now warranted for FY21. This is something which would be in line with what systemically important central banks (like the US Fed, European Central Bank, Bank of Japan, etc.) in the world are currently doing to lower long term interest rates in their respective regions.

3. **Introduce Retail Participation in Gsec at Face Value:**
   The interest outflow of GOL is more than or equal to net debt raised every year. The investors in Gsec are seeing limited headroom for incremental investment in Gsec. This has pushed yields higher. In fact sub sovereigns such as SBI is raising deposits cheaper than GOL. This clearly speaks of the stress on headroom available for investing in Gsec across all classes of investors such as banks, insurance cos., EPFO, NPS, FPIs etc. There is, therefore, need to increase absorption of Gsec by new set of investors for effective transmission of rate cuts. And the need to bring in Retail Participation. Retail investors would benefit on multiple fronts by investing in Gsec viz. Higher risk protection, better yield, liquidity assurance etc.

   We can create a “safety net” for retail investors to ensure liquidity at all times. We at IMC will be happy to present a paper on operationalizing the above including SGL curn settlement related concerns.

4. As of Jul-20, bank credit to MSMEs contracted at a pace of 2.2% YoY compared to 0.8% YoY expansion seen in Jul-19. While the credit guarantee scheme (under Atmanirbhar Bharat Abhiyan) has been announced, the central bank could nudge banks to expedite disbursements to meet liquidity mismatches for MSMEs on priority basis. In addition, to encourage credit flows to viable MSMEs, the central bank could consider prudent and time bound reduction in their risk weights (this has been done in few Asian countries).

5. Basis recommendations from the UK Sinha Committee Report, the ceiling for collateral free loans for MSMEs can immediately get adjusted upwards to Rs 20 lakhs from Rs 10 lakh now. The same should be applicable to MUDRA scheme as well to support micro enterprises.

6. In a bid to widen the pool of financiers on the TReDS platform, entities other than banks/NBFCs also may be allowed to participate. HNI’s may be included as an eligible category. Additionally, Urban Cooperative Banks and Regional Rural Banks could also be allowed to participate with adequate safeguards in order to further facilitate prompt settlement of invoices at competitive rates for MSME suppliers.

7. From a longer-term perspective, the RBI in consultation with the Ministry of Finance can come out with special bank licenses for entities who display niche expertise in the area of MSME financing. This would be similar to the concept of ‘Shinkin Banks’ in Japan, which are deposit-taking cooperative banks that specialize in financing SMEs within a region.

8. **Two Year Moratorium**
   In view of the deep distress in the Textile Sector, a two-year moratorium for the repayment of all loans is essential for all the textile units that failed to qualify under the COVID-19 relief package as the sector is also both labour and capital intensive and provides large scale employment in the country.

9. **Upward Revision in the financial ratios prescribed by the Kamath Committee**
   The majority of the units are finding it very difficult to satisfy TOI/Adjusted TNW and Total Debt/EBITDA ratios as recommended by the Kamath Committee.

10. **Benefit of ECLGS should be extended without linkage with the existing loans**
    In order to resolve the financial crisis faced by the weak industries, RBI may advise the banks to sanction the loan under ECLGS immediately without linking it to general loan assessment and financial scrutiny and also not to adjust any other dues from the proceeds of the loan as the main purpose behind the scheme is to help the struggling industries to tide over the financial crisis.

11. **Credit Guarantee Scheme for Subordinate Debt (CGSSD)**
    Credit Guarantee Scheme for Subordinate Debt(CGSSD) is a good scheme which will help many of the MSMEs to recover from the difficult times which they are passing through on account of the situation arising on account of COVID-19. However, the scheme is being operated through Scheduled Commercial Banks. Most of the MSMEs are having their accounts with Co-operative banks which are outside the purview of the scheme. If Co-operative banks are included under the scheme then it will benefit a large number of MSMEs. Secondly, it has been reported by MSMEs that it is not very easy to get the benefit under the scheme as the banks are adopting an extra cautious approach in deciding the eligibility of the MSMEs under the scheme and are seeking too much of details. Since the Govt is offering guarantee coverage on the loans extended by the banks under the scheme, banks should be more flexible in extending the benefits to the MSMEs under the scheme.

    However, the ceiling for aggregate exposure for restructuring of advance from Rs.25 crores to Rs.50 crores for MSME is yet to be enhanced and communicated by RBI. As a result, MSME’s having more than aggregate exposure of Rs.25 crores but up to Rs. 50 crores are unable to avail the restructuring program announced by the government for the MSME units on account of the fall out of Covid 19 and to tide over the financial crisis.

   These are our humble submissions for your kind consideration.

With kind regards,

Rajiv Poddar
President, IMC
September 25, 2020

Shri R. P. Gupta IAS
Secretary
Ministry of Environment, Forest and Climate Change
Indira Paryavaran Bhawan
Jorbagh Road, Agra
New Delhi-110 003

Sub: Comments on the Draft Environment Impact Assessment (EIA) Notification, 2020 notified vide S.O. 1199(E) dated 20.03.2020

Dear Sir,

This is with reference to the S.O. 1199(E) dated 23.03.2020 regarding the Draft Environment Impact Assessment (EIA) Notification, 2020. We would like to compliment the MoEF & CC for inviting comments on this very important Notification which is pragmatic and at the same time promotes economic development, while ensuring that adequate measures are in place to protect the environment.

After perusing the Draft Notification we have compiled a set of suggestions/amendments (listed in Annexure I) which we believe will address certain ambiguities in the provisions of the said Draft Notification. We strongly feel that removal of these ambiguities shall further strengthen the Draft EIA Notification 2020, and shall usher in an era of sustainable and environmentally friendly economic development.

It is earnestly requested that our suggestions/amendments may kindly be given serious consideration and implemented so that Project Proponents, when they make very large investments in infrastructure projects, secure Environmental Clearance smoothly and with minimum anxiety.

We thank you in advance for considering the above amendments and suggestions.

With kind regards,

Rajiv Podar
President-IMC

September 21, 2020

Shri Tarun Bajaj
Secretary
Department of Economic Affairs
Ministry of Finance
North Block, New Delhi.

Dear Sir,

This has reference to our Online meeting with the officials of the Department of Economic Affairs which was organized to discuss key issues related to Real Estate and Infrastructure investment trusts on September 4, 2020.

We are happy to inform you that the meeting was well attended by our members and the issues related to REITs & InvITs raised during the discussion were addressed by the officials of your Department.

As desired by the officials during the meeting, we are pleased to submit a Representation on issues related to REITs & InvITs for your consideration. A detailed representation is attached for your kind perusal.

We hope you will accede to our request and look forward to your valued support and active involvement.

Thanking you in anticipation.

With kind regards,

Rajiv Podar
President
IMC Chamber of Commerce and Industry
September 25, 2020

Shri P. C. Mody
President
Central Board of Direct Taxes
Department of Revenue
Ministry of Finance
Room No.150, North Block
New Delhi – 110 011

Dear Sir,

Subject: Representation for extension till 31st March, 2021 of timelines for filing of Income-tax returns and corresponding extension for completion of tax audits and transfer pricing audits for AY 2020-21

We notice that the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Bill, 2020 to provide further relief to the taxpayers does not provide any further extension beyond 30th November, 2020 in the due dates for filing tax return or beyond 31st October, 2020 for completing the tax audit and transfer pricing audit for AY 2020-21.

On behalf of our members, we once again request for an extension up to 31st March, 2021 for filing the income tax returns for AY 2020-21 and corresponding extension for completing tax audits and transfer pricing audits. We also request that the extension of these dates be announced well in advance and not near the due dates to avoid undue hardship and anxiety to the taxpayers in these difficult times.

We set out below the rationale for this request:

a) The Covid Pandemic is still ongoing with full fury, with number of active cases still rising substantially. Most of the larger States including Maharashtra, West Bengal, Uttar Pradesh, Tamil Nadu, etc. have not yet allowed private offices to function with more than 30% staff or 30 persons whichever is higher. In cities like Mumbai, in absence of local trains for private sector staff and also on account of the huge daily increase in numbers affected by Covid, it is not possible to even get 30% of staff to attend offices. While the larger corporates with ERP/SAP systems, etc. are able to work on remote basis, most of the MSMEs and non-corporate assessees as also the Chartered Accountants do not have such robust systems in place to finalise accounts and to carry out quality audits on remote basis.

b) The last date for finalisation of accounts for the year ended 31st March 2020 and holding Annual General Meetings for companies has already been extended to 31st December 2020 by the Ministry of Company Affairs as well as Securities Exchange Board of India, taking into account the ground realities in the country. Under such circumstances, most taxpayers would find it impossible to file their tax returns by 30th November or get their tax audits or transfer pricing audits completed by 31st October.

c) Due to non-availability of income tax return utilities of ITR 5 & 6 (excel utility has been notified recently) and delay in availability of other utilities will cause a lot of difficulty in abiding the given time limit. Large and voluminous data is required to be filed by assessees to whom tax audit is applicable and non-availability of income tax utilities on time makes it difficult to abide by the prescribed time limit, particularly during the time of the pandemic.

d) The Government has extended due dates for TDS returns, AIR filings, etc. The Format of Form 26AS has also been modified to include various additional reporting. It is necessary to carefully consider Form 26AS and reconcile the information required to be submitted in the income tax return with that of Form 26AS. This will require additional efforts and time for entities having voluminous transactions.

e) One common due date of 30th November for filing return for all taxpayers (individuals, corporate or non-corporates, regardless of requirement of tax audit or transfer pricing audit) will cause significant administrative difficulty for Chartered Accountants responsible for issuing Tax Audit and Transfer Pricing Audit reports especially due to the prevalent circumstances of significant restrictions on travel and office attendance. Even in the past, when there were special circumstances like late issue of new return forms or changes in audit report format, while extending due dates the CBDT had maintained proper time interval between due dates for non-corporate, corporate and TP audit cases to ease the pressure of return filing compliance for all taxpayers on same date. The current year is an unprecedented extraordinary year which deserves even more liberal considerations.

We, thus, request your goodself to kindly consider the above difficulties of the taxpayers and Chartered Accountants and to extend the due dates for filing Returns to 31st March, 2021 and correspondingly extend due dates for Tax Audits and Transfer Pricing audits to 28th February, 2021. Also, we request you to kindly announce the extended due dates as soon as possible and, in any case, well in advance to provide timely relief to the taxpayers in these difficult times.

With regards,

Rajiv Poddar
President, IMC
September 22, 2020

Hon'ble Shri Narendra Modi ji
Prime Minister of India
South Block, Raisina Hill
New Delhi-110011

Respected Prime Minister Shri Narendra Modi ji,

We admire and applaud the measures taken by your government to bring about much needed Agri-market reforms. It requires a lot of courage and conviction to rise above the concerns for political fallout while taking bold decisions to introduce reforms that promise larger good.

IMC welcomes the two Bills passed by the Parliament on Agri-Market reforms opening up choices for farmers for better yield to their produce. This is the right step towards your government’s goal of doubling farmers’ income.

The objectives of the two Bills passed are progressive in nature and are intended to bring much needed agri-market reforms.

Setting up of private markets will allow growers more marketing freedom. Growers can go either to APMC market or the private market. It will advance the idea of one-nation one-agri-market.

The Farmers’ Produce Trade and Commerce (Promotion and facilitation) Bill 2020 that seeks to unify the country as one market for agricultural goods by removing intra-State and inter-State movement restrictions. It also allows farmers to sell their produce outside of the established traditional mandi system and facilitates setting up of private markets. These are indeed welcome measures as they allow growers greater freedom and improve the marketability of growers’ crops. This is not the end of APMCs, but will put pressure on APMC markets to infuse more transparency and efficiency in functioning. APMC markets have their own strengths and can compete with private markets. The State governments have a significant role in reforming the APMC system and make them more user-friendly or farmer-friendly.

We feel that removal of intra-State trade can be perceived as an encroachment on the rights of States to regulate agri-markets within the State. This is a potential legal tussle. The Central government should engage with the States to convince them about the benefits of the law.

The Farmers (Empowerment and Protection) Agreement of Price Assurance and Farm Services Bill 2020 seeks to give a legal framework to ‘contract farming’ under which a farmer or groups of farmers and an entrepreneur can enter into an agreement whereby the growers grow crops as required by the entrepreneur and the latter agrees to buy the harvested produce at a pre-determined price. This is sure to advance the interest of both parties. There are scientific methods of fixing the price of the produce. Futures market too can provide a clue. Both parties to the contract will be winners.

However In case of disputes, the District Administration may not be well equipped to settle disputes. A more robust and timely dispute resolution mechanism is needed to be considered to realize benefit potential of this reform.

IMC is convinced that these reforms have the potential to positively impact the functioning of markets and creating competition in the agriculture supply chain which has traditionally been restricted. Moreover, despite some having reservations, the reforms are slated to be farmer friendly as they will eliminate the existing monopoly of buyers, reduce intermediation cost, facilitate easier movement of agricultural commodities from surplus regions to shortage areas, and create storage infrastructure, thereby lowering inefficiency in supply chains and spurring greater investment in Indian agriculture. These reductions in market inefficiencies would improve farmers’ share in the consumer rupee, benefitting both the farmers and the consumers. As India embarks on its Atmanirbhar Journey, nothing can be more relevant in making farmers self reliant.

IMC will compliment the efforts your government to engage with stakeholders to show these reforms in its right earnest.

With kind regards,

Respectfully,

Rajiv Podar
President-IMC
September 25, 2020

Smt Nirmala Sitharaman  
Hon'ble Union Minister for Finance  
Ministry of Finance  
Room No. 134, North Block  
New Delhi 110 001

Respected Smt. Nirmala Sitharamanji,

Warm greetings.

Subject: Representation for extension till 31st March, 2021 of timelines for filing of Income-tax returns and corresponding extension for completion of tax audits and transfer pricing audits for AY 2020-21

We refer to the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Bill, 2020 to provide further relief to the taxpayers. The referred Bill does not provide any further extension beyond 30th November, 2020 in the due dates for filing tax return or beyond 31st October, 2020 for completing the tax audit and transfer pricing audit for AY 2020-21.

On behalf of our members, we once again request for an extension up to 31st March, 2021 for filing the income tax returns for AY 2020-21 and corresponding extension for completing tax audits and transfer pricing audits. We also request that the extension of these dates be announced well in advance and not near the due dates to avoid undue hardship and anxiety to the taxpayers in these difficult times.

We set out below the rationale for this request:

a) The Covid Pandemic is still ongoing with full fury, with number of active cases still rising substantially. Most of the larger States including Maharashtra, West Bengal, Uttar Pradesh, Tamil Nadu, etc. have not yet allowed private offices to function with more than 30% staff or 30 persons whichever is higher. In cities like Mumbai, in absence of local trains for private sector staff and also on account of the huge daily increase in numbers affected by Covid, it is not possible to even get 30% of staff to attend offices. While the larger corporates with ERP/SAP systems, etc. are able to work on remote basis, most of the MSMEs and non-corporate assessees as also the Chartered Accountants do not have such robust systems in place to finalise accounts and to carry out quality audits on remote basis.

b) The last date for finalisation of accounts for the year ended 31st March 2020 and holding Annual General Meetings for companies has already been extended to 31st December 2020 by the Ministry of Company Affairs as well as Securities Exchange Board of India, taking into account the ground realities in the country. Under such circumstances, most taxpayers would find it impossible to file their tax returns by 30th November or get their tax audits or transfer pricing audits completed by 31st October.

c) Due to non-availability of income tax return utilities of ITR 5 & 6 (excel utility has been notified recently) and delay in availability of other utilities will cause a lot of difficulty in abiding the given time limit. Large and voluminous data is required to be filed by assessees to whom tax audit is applicable and non-availability of income tax utilities on time makes it difficult to abide by the prescribed time limit, particularly during the time of the pandemic.

d) The Government has extended due dates for TDS returns, AIR filings, etc. The Format of Form 26AS has also been modified to include various additional reporting. It is necessary to carefully consider Form 26AS and reconcile the information required to be submitted in the income tax return with that of Form 26AS. This will require additional efforts and time for entities having voluminous transactions.

e) One common due date of 30th November for filing return for all taxpayers (individuals, corporate or non-corporates, regardless of requirement of tax audit or transfer pricing audit) will cause significant administrative difficulty for Chartered Accountants responsible for issuing Tax Audit and Transfer Pricing Audit reports especially due to the prevalent circumstances of significant restrictions on travel and office attendance. Even in the past, when there were special circumstances like late issue of new return forms or changes in audit report format, while extending due dates the CBDT had maintained proper time interval between due dates for non-corporate, corporate and TP audit cases to ease the pressure of return filing compliance for all taxpayers on same date. The current year is an unprecedented extraordinary year which deserves even more liberal considerations.

We, thus, request your goodself to kindly consider the above difficulties of the taxpayers and Chartered Accountants and to extend the due dates for filing Returns to 31st March, 2021 and correspondingly extend due dates for Tax Audits and Transfer Pricing audits to 28th February, 2021. Also, we request you to kindly announce the extended due dates as soon as possible and, in any case, well in advance to provide timely relief to the taxpayers in these difficult times.

With regards,

Rajiv Poddar  
President, IMC
BANKING SECTOR IS HERE TO SUPPORT THE ECONOMY AND MSMEs

In a panel discussion on “Reboot, Reform, Resurge on Indian Economy – Role of Banking Sector,” Mr. Arijit Basu, Managing Director of the State Bank of India said that banks will respond positively to the COVID-19 challenge and “reach out” to all their customers.

The other panelist present for this webinar discussion organized by the IMC was Ms. Zarin Daruwala, CEO of the Standard Chartered Bank.

Mr. Atul Joshi, Economist and Founder and Chief Executive Officer of Oyster Capital Management moderated the discussion.

Mr. Arijit Basu, Managing Director, the State Bank of India stated that banks are looking to striking a balance between protecting the interest of depositors and maintaining financial stability on one hand while also looking to supporting growth initiatives of viable businesses on the other.

He stated that MSMEs and other borrowers that are classified as SMAs need to be analysed for reasons specific or related to their present situation.

If there are external factors that caused this and there are chances of revival given various government initiatives such as Atmanirbhar Bharat etc., the banks will be open to support such entities despite SMA Classification, he clarified.

He also stressed that India needs to look at a specialized set of entities for infrastructure lending and that the government is doing some excellent work in that direction.

While Banks will play a role of risk taking alongside such entities, however regulatory framework should look to conceptualize and provide risk mitigation measures, he added.

He also mentioned that SBI will play a role not only as a facilitator of growth of the economy but also to sustain the confidence in the banking system.

He mentioned that the composition of banking sector on lending side is changing with retail lending gaining momentum and that this trend is here to stay.

Ms. Zarin Daruwala, Chief Executive Officer of Standard Chartered Bank was of the view that despite a negative outlook on sovereign rating, there is no dip in lenders appetite for Indian papers whether loan or bond.

She also mentioned that various other initiatives such as establishing a branch in GIFT City for lending to MSMEs, credit wrapping MSME risk, reverse offshore factoring and other such initiatives are now gaining momentum.

She pointed out that MSMEs need to explore such options and avail the funding.

She mentioned that her bank has a large portfolio of MSME lending and is keen to build it.

She added that COVID-impacted companies in diverse sectors such as hospitality, aviation and tourism would could look to benefit through the newly launched restructuring scheme.

She clarified that if restructuring is done prudently, keeping in mind factors such as cash flows of companies and other aspects, it would be successful.

Earlier, in his opening remarks, IMC President, Mr Rajiv Podar stated that “In this contrarian world, to jump start the engine of the economy, the fuel comes from the banking system”.

However, in this new economic terrain there are few guides.

Risk aversion has taken precedence to risk taking. Those who need money may not pass the credit benchmark.

Those who are large and better rated are on a mission to reduce the debt – repaying the banks.

Thus, good asset book may look smaller due to repayment and bad book may grow.
IMC Chamber of Commerce and Industry organized a meeting with the officials of the Department of Economic Affairs from the Union Ministry of Finance, Government of India, to discuss the issues/policy intervention related to Real Estate and Infrastructure Investment Trusts which was initiated by IMC’s Infrastructure and Real Estate Committee.

IMC President Mr. Rajiv Podar welcomed and thanked Shri K Rajaraman, Additional Secretary, Investment Division; Shri Anand Mohan Bajaj, Additional Secretary, Financial Markets Division and Shri Baldeo Purushartha, Joint Secretary, Infrastructure Policy and Finance Division (IPF), from the Department of Economic Affairs during the meeting.

The IMC President in his welcome address highlighted the fact that the real estate and infrastructure sectors are amongst the most severely impacted due to the outbreak of COVID 19.

At the same time, it is these sectors which have great potential for investments and a well-developed infrastructural set-up will boost the development of our country.

Mr. Darshan Hiranandani, Chairman, IMC’s Infrastructure and Real Estate Committee updated the officials from DEA on the issues relating to Real Estate Investment Trusts (REITs) /Infrastructure Investment Trust (InvITs), Taxation and other instruments which are meant to support infrastructure financing and towards credit enhancement.

During the course of this interaction, Mr. Hiranandani requested the Ministry to allow the interested Foreign Portfolio Investors (FPIs) and Foreign Venture Capital Investors (FVCI) to invest in the debt securities issued by the InvITs and the REITs.

He also requested the Ministry to promote private and public REITS in the market. The rationale being that InvITs can emerge as an attractive investment enabler for the infrastructure sector, if proper policies are implemented, said Mr. Hiranandani.

He further added that the IMC would like to seek assistance from the Finance Ministry in enhancing Investments in the Infrastructure sector.

This IMC meeting with the Department of Economic Affairs from the Union Ministry of Finance, was attended by key members of the IMC from the Infrastructure and Real Estate sectors along with various other representatives from APREA and SBI Caps.

The participating members also contributed their input in the ensuing discussions and raised various pertinent issues which were related to the lack of long term debt source, lower liquidity, leverage limit, double borrowing and the trust act.

The members in attendance requested the Ministry to look at streamlining the regulatory requirements, look to provide easier access to required capital and to widen participation by investors by easing current policies and implementing increased relaxation on the sponsorship norms currently in place.

The participating members also proposed the introduction of Residential REITs in Markets to attract investment in India

The officials from the Department of Economic Affairs addressed the issues raised in the discussions and assured members of the Ministry’s support in the same to boost REITS and InvITs to attract investment.

They also updated that the Government is restructuring the loan process and considering issues on taxation, equation and law.

The Government is focusing on promoting REITs as an investment tool to bring investment, said the DEA official.

The Department officials requested the IMC to submit a representation on the discussion for consideration of the matter and implementing policies.
Reimagine Entrepreneurship ———— 04th-11th September, 2020

04th September 2020


The fifth session in series of six webinars was organized on the topic of ‘The New Normal - Challenges of Managing Human Talent Capital in WFH & Social Distancing Environment” was held on Friday, 4th September 2020.

This discussion highlighted various developments that the post-pandemic world holds for the Indian Start-Up Ecosystem in the area of managing Human Resources through power-packed interactions amongst sectoral experts and key stakeholders. Speakers such as Ankit Mehrotra – Founder, DineOut; Dr. Arpita Mukherjee-Professor, ICRIER; Ashutosh Ghanekar – Founder, ANG Capital; Poran Malani – Country head, S4Capital and Subramani Mancombu – Executive Editor, Swarajya Magazine, discussed various aspects of ‘New Normal’ when it comes to managing human resources and what to expect in days to come before things normalize like before. The Covid19 situation has brought about a sea change in the way an organization functions and its long term impact and how a HR manager needs to be on top of his/ her game.

The webinar series was well attended and appreciated by many.

11th September 2020

The sixth and final session in the series of six webinars was organized on the topic of “The New Mantra of Start-up Ecosystem “Building Sustainable & Profitable Ventures” was held on Friday, 11th September 2020 at 4.00 p.m.

This interesting discussion brought to the fore various key points that will help build any start-up or any organization to scale it up to be a sustainable & profitable ventures.

Speakers for this session included start-up leaders such as Vivek Abraham - Vice President, Global Investor Outreach, Invest India; Ashutosh Ghanekar – Founder, ANG Capital; Poran Malani – Country head, S4Capital’ Rajat Jain - Founder,PadUp Venture; Vishal Chaddha - Founder, Xelp; Ashish Fafadia - Founding Partner, Blume Ventures; and Piyush Sharma Global CEO. Board-Members, C-Suite, Advisors and Thought Leader, discussed topics like funding, creating sustainable product and long term business strategies.

The webinar series was well attended and appreciated by many.
Union Minister of State (Independent Charge) in the Ministry of Development of North Eastern Region, Dr. Jitendra Singh said that the IMC’s role will be crucial in the post-COVID economy and also for realising the Atma Nirbhar Bharat Mission of our Prime Minister Narendra Modi.

Addressing the Chamber online for the 114th Foundation Day ceremony of the IMC Chamber of Commerce of Industry as Chief Guest, Dr. Jitendra Singh recalled his long association with the IMC and his frequent visits to IMC’s Head Office at Churchgate, Mumbai.

He said that being the oldest Chamber of Commerce in the country, of which Mahatma Gandhi was also a member, IMC has a glorious past and a great legacy, with equally high expectations from it for the future.

Dr. Jitendra Singh stated that a self-reliant India is key to the concept of Atmanirbhar Bharat and reputed business organizations like the IMC are expected to take a call on this.

He said that in the post-COVID scenario, when the whole world is trying to rise to the occasion, for India it is both a challenge as well as an opportunity.

Esteem of using what is available locally and the urge to create or produce what is not available locally, is the essence of “Local for Vocal”, said Dr. Jitendra Singh.

Dr. Jitendra Singh said that the concept of Atmanirbhar Bharat has no conflict with modernity, growth and advancement, but it is to achieve the goal of a Self-Reliant India in a peaceful, progressive and prosperous manner.

He further added that care and concern for the distressed, promotion and production of local goods and shifting from assembling of products to manufacturing them are the true essence of Atmanirbhar Bharat, where one is self-reliant with esteem without depriving oneself of the fruits of development.

Dr. Jitendra Singh stated that Prime Minister Narendra Modi had unveiled the Atmanirbhar Package in the wake of the Corona pandemic in order to assist all sectors and wheels of economy with more than Rs 20 lakh crore, which is about 10% of the GDP.

He explained that the Vocal for Local mantra given by Prime Minister Narendra Modi is fast becoming a Jan Andolan in India.

Referring to several steps taken to promote MSMEs, Dr. Jitendra Singh pointed to the government notification banning global tenders in order to assist all sectors and wheels of economy with more than Rs 200 crore are procured from domestic firms.

He said, Atmanirbhar means, we should reduce the import of goods as much as possible and produce the same not only for India, but for the World.

Giving the example of huge bamboo resources in India and its untapped potential, the Minister said that despite Rs. 5 to 6 thousand crores of annual bamboo trade, the entire Agarbatti is imported from other countries.

He said, the government is now taking measures to rectify the same and pointed out that the Government had amended the century old Forest Act by taking home grown bamboo out of the purview of the Forest Act and the Central Government has also banned import of finished bamboo products and raised the import duty by 25 percent on raw bamboo items, which will help the domestic bamboo industries including Agarbatti making in a big way.

Dr. Jitendra Singh also recalled the great relief work carried out by IMC in the unprecedented floods of 2014 in North India including in Jammu and Kashmir and hoped that it will continue to play a stellar role to help India overcome this crisis.

IMC President, Mr. Rajiv Podar delivered the welcome address, while the vote of thanks was presented by IMC, Vice President Mr. Juzar Khorakiwala.
Online Session on Benefits of Yoga
‘Yoga se Hoga’ with Dr. Mickey Mehta ___10th September, 2020

COVID-19 can cause a range of symptoms of wildly varying severity in people. As the pandemic has evolved and documented clinical case histories have accumulated, every now and then a new symptom begins to emerge, increasing the uncertainty of the pandemic and its resolve. For the first time in human history, science and medicine are making fast-track developments under developments in life-saving drugs and vaccines, people all across the world are now looking at the medical fraternity for answers like never before.

Under the aegis of the IMC’s Health and Fitness Committee, launched a series called “Get Fit with IMC”, a series that will highlight various aspects of health and fitness like nutrition, workout, stress management and generally overall well-being.

The first session was on the topic of benefits of Yoga, with Dr. Mickey Mehta of Mickey Mehta 360 fame, India’s first holistic health guru.

In this session, Dr. Mickey Mehta discussed the various health benefits of Yoga, various asanas and breathing exercises. Dr. Mehta guided the attendees through various topics on how physical activities can be a pathway to good health and immunity which is the most crucial topic as of now.


IMC’s Young Leaders’ Forum in its constant endeavor to empower young leaders, students and young professionals, launched an unique series of talks – “Odyssey, Kal, Aaj aur Kal”, the first session, “Broking Industry-Seasoned Entrepreneurs vs New Age Disruptors: Who Will Win?” was held on Saturday, 12th September, 2020.

The eminent panel comprised of Mr. Vijay Chandok - Managing Director-ICICI Securities, Mr Nithin Kamath-Founder and CEO, Zerodha, Mr Ravi Kumar, Co-founder, Upstox, Mr. R. Venkataraman, - MD and Co-Promoter - IIFL Group. The session was moderated by Mr Varinder Bansal - Managing Partner, - Pantomath AMC.

The session revolved around the points like where does India stand as compared to global players with respect to digital platforms in financial sector; can traditional brokerage and discount brokerages co-exist; what did traditional brokers miss to scale the business and is enough done now to compete with formidable players from the brokerage world; can we compete if the Robin Hoods of the world comes to India and why does innovation in India happens more in the unlisted space? Insights were also given about the brokerage Industry.
Online Panel discussion on “Is there a Paradox in Stock Markets in India?”

14th September, 2020

IMC’s Alternate Funding (PE + Capital Markets) Committee organized a Panel discussion on “Is there a Paradox in Stock Markets in India?” with well-known panelists like Mr. Navneet Munot, Chief Investment Officer, SBI Mutual Fund; Mr. Nilesh Shah, Group President & Managing Director, Kotak Mahindra Asset Management Ltd. and Mr. Anand Radhakrishnan, MD & CIO, Franklin Templeton – India. The panel discussion was moderated by Mr. Gautam Trivedi, Co-Founder & Managing Partner, Nepean Capital LLP and Co-Chair, Alternate Funding (PE + Capital Markets) Committee, IMC.

Prior to the panel discussion, Mr. Dushyant Dave in his opening remarks mentioned that being a professional investor and economic student he felt that the situation is baffling as at one side Indian economy is faltering, GDP is going down sectors are severely affected the stock markets which are the indicators of economic situation is rising, which is the paradox of stock markets in India.

Subsequently the panelists answered in a succinct but clear manner almost all the questions put across by the moderator Mr. Gautam Trivedi.

To the question raised about the market behaviour which is rallying upwards inspite of the GDP is going down, Mr. Anand mentioned that the equity market is wearing two hats, one is a short-term growth and the second is the expectations of future growth in the coming years. Mr. Nilesh attributed this to lot of factors viz; the rising liquidity, low alternate returns of investment deployed in various assets, optimistic approach on future action on reforms which will change the growth path. The bottom of the pyramid is the new investment money which is rushing and driven by force rather than fundamentals. The data is above the past and the market is discounting the future. Mr. Navneet felt that the economy is opening up and there will be a solution to the current crisis. Large part of rallying is due to retail participation through online apps. He quoted Sir John Templeton that the markets are born on pessimism growing on scepticism living on optimism and will die of euphoria. The bonds, gold, and equity market are growing in tandem.

To this Mr. Gautam raised the question that was why is there an increase in retail participation via online apps and are the online brokers competition to the mutual fund industry?

Mr. Navneet mentioned that new investors in the first phase will make money and then gradually invest their money through mutual funds. Mr. Nilesh mentioned that the online brokers were never a competition, in fact they are distributors of mutual funds and they complement our business. Mr. Anand raised a word of caution to these new investors who are day traders and are looking out for a quick buck.

What would be the advice to the Government to generate revenue and revive the economy?

Mr. Anand suggested that large tax breaks should be given for buying homes which is static today. He further suggested that there should be strategic divestment by selling non-core investment including divestment of government held organisations. Mr. Nilesh mentioned that government should monetize government assets and make money available for spending. There should be a scheme of gold investment to move gold from Tizori (lockers) to white economy. To improve the growth of the manufacturing sector the power cost and the logistic cost should be brought down. Mr. Navneet mentioned that there is a need for a demand stimulus to create confidence in private sectors to spend and invest money. Programme like NRega will help create demand.

According to the panelists, which are the two sectors which they like/dislike...
Online Seminar on Commodity Market Fundamentals Forum: Energy and Agriculture 15th September, 2020

IMC Chamber of Commerce and Industry in association with MCX-IPF organized Online Seminar on ‘Commodity Market Fundamentals’ covering crude oil and agricultural commodities cotton and palm oil.

IMC-Vice President Mr. Juzar Khorakiwala in his welcome address stated that an understanding of the fundamentals of commodity markets was critical for market participants to take informed decisions about trading strategies. He also added that Energy products (crude oil, natural gas, coal) and agricultural commodities (edible oil, cotton, sugar, grains) are all assigned a weight in the price index. Prices of these commodities have a bearing on the rate of inflation.

Mr. PS. Reddy, MD and CEO, MCX, highlighted the need for transparent physical markets for various commodities. Emphasising the importance of trading in India and pricing power in India, he said India should become a price setter for the world rather than a price-taker, and we have adequate capacity to become price setters.

Mr. G. Chandrashekhar, Economic Advisor IMC and Director IMC-ERTF, Moderator of the Seminar, explained the current scenario of the agricultural economy. He highlighted the various drivers of the global commodity market and gave a broad perspective of crude oil, cotton and palm oil supply demand fundamentals.

Mr. Sukrit Vijaykar, Founder, Trifecta Consultants, talked about destruction of demand for crude oil following national lockdowns and loss of economic activity. He forecasted that, over a long-term, because of change in lifestyle the demand for crude oil will decline.

Mr. Archan Barua, Business Lead (Cotton), Cargill India, showed how global cotton inventory has been rising in recent years. Because of the intervention policies followed by major players USA, China and India, cotton growers continued to produce more than consumption demand, he added. India is also set to carry huge stocks in the months ahead, he said.

Discussing about palm oil market fundamentals, Mr. Ali Mohammad Lakdawala, Manager-Procurement, ITC Foods, said weather, crude oil and Indonesian biodiesel mandate combined to drive the market higher.

Mr. Rishi Nathany, Head-Business Development and Marketing, MCX, highlighted the need for the physical market participants and value chain participants to hedge the price risks through derivatives trading. He talked about the benefits of hedging and options contracts.
Online Workshop on “Effective Analysis of your Electricity Bill - Reduce costs” — 16th September, 2020

IMC’s Industry and Trade Committee organized the Online workshop “Effective Analysis of your Electricity Bill - Reduce costs” on Wednesday, September 16, 2020

Mr. Rajiv Podar, President, IMC in his welcome address mentioned that Introduction of kVAh metering and kVAh tariffs is seen as a commercial inducement for consumers to ensure a smaller electricity bill. He added that changing over from kWh metering to kVAh metering may bring about a nationwide revolution in energy efficiency.

President also said that kVAh billing will ensure that the consumers who will utilize the power efficiently will be paying less energy charges as compared to others who are not using the power efficiently. He added that the workshop would be beneficial to delegates to get better understanding of the kVAh Tariff structure and ultimately save on their energy bills.

Mr. Anant Singhania, Chairman, Industry and Trade Committee, stated that Committee organized the workshop to give better understanding of the change from kWh to kVAh Tariff structure that covers all categories of consumers viz. residential, offices & heavy Industry, etc. This shall help delegates to learn the art of reading the revised electricity bills.

He also mentioned that the pandemic has made us reduce all kinds of costs. For our basic survival, electric consumption is the integral part of our cost. For several users, the change from kWh to kVAh resulted in higher electricity bills. To remain competitive and to be successful, cutting cost is important for businesses. The electricity capacity across India is 375 thousands mega watt power across thermal, hydro and renewable energy. The electricity consumption has grown by 2.9% which is the third highest consumption growth across the world. This year, the consumption has reduced due to pandemic. He mentioned that the power utilized for one day Google search across the world can run the 60 watt electricity bulb for 1000 years. He mentioned that in the new age although data is the new oil, power consumption is also very important for businesses to run.

Mr. Yogendra Talware, Founder Director of Strom Energie Pvt. Ltd. started the workshop with the classification of consumer categories viz. residential category to industrial & commercial categories as per the consumption capacities. He also covered ‘Art of reading the electricity bills’ for residential and commercial consumers, helping them to understand the contents and various parameters in electricity bills. Mr Talware recommended using the MSEDCL APP for more ease. He covered technical points including tariff tools, formats of HT bills, LT Bills, types of tariffs, Demand charges for HT and LT consumers, time zones concept etc. which are important for participants to understand in kVAh system. He also explained the reason behind higher electricity bills during last few months of lockdown. Mr Talware also explained the difference between kVAh and kWh billing system and steps required to save on electricity bills in future in the new new billing system.

Online Seminar on Kharif Crop Outlook — 17th September, 2020

IMC Chamber of Commerce and Industry in association with Business Standard Smart Business organized Online Seminar on Kharif Crop Outlook.
Expert panellists were of the view that India is all set to harvest bumper kharif crop but how much of that will translate into actual rise in farmer income remains to be seen. WPI will stay soft but retail prices might spike because of inefficiency of supply chain. It was highlighted that there is increase in both acreage and production of various Kharif crops including rice, coarse grain, pulses, cotton, and sugarcane. Amongst cereals, oilseeds pulses and sugarcane grown during the kharif season, prices of oilseeds and pulses might be lesser to the state mandated Minimum Support Prices for the season but rates of the others might trade lower.

Mr. G. Chandrashekhar, Economic Advisor, IMC and Director IMC ERTF - stated that good soil moisture due to early onset of southwest monsoon will push maize, pulses, oilseed, cotton, sugarcane production. He expects that there will be higher production of pulses, oilseeds cotton and sugarcane in Kharif 2020-21. However, there is a risk in maize & cotton price as it will rule below MSP.

Ms. Rajni Panicker, VP, Phillip Capital Ltd, highlighted increased acreage of Kharif crops in Southern Peninsula particularly in Telangana, Karnataka, and Andhra Pradesh because of supportive govt schemes like Rythu Bhandu.

Mr. Madan Sabnavis, Chief Economist, Care Ratings said that farm sector GDP in 2020-21 is expected to be 3.5-4% on the back of good Kharif and Rabi harvest, but it will pull down food inflation which could have an impact on farmers income. Rural income may rise slightly as a result of higher production, but rural demand may not rise commensurately. There will be less income in rural areas but more mouths to feed.

Online Seminar on “e-Dialouge on Ease of Living & SDGs - 2020-21”

IMC’s Ease of Living Committee, on Friday September 18, 2020 launched the first dialogue in a series of “e-Dialouge on Ease of Living & SDGs-2020-21”. The idea of this e-DIALOUGE was to foster a trilateral dialogue between international speakers, Indian Government Officials & Members of the Chambers to synthesise some ideas for improving Ease of Living of Indian cities.

Mr. Rajiv Podar, President, IMC, welcomed the participants and said “It is time for the people of the country to inspire, contribute and build a New India. There should be an emphasis on new reforms that benefit society with a focus on ease of living. Where there is ease of living, there is ease of doing business. It is beyond roti, kapda, makaan; it is also about education, protecting the environment, and sustainable development goals (SDGs)”.

Mr. M. K. Chouhan, Chairman, IMC’s Ease of Living Committee and Chairman, Mahendra & Young Knowledge Foundation, moderated the event and explained the vision of IMC - Ease of Living Committee. He said that at a time when the world, including India, is reeling under the most severe black swan event of our times - Covid-19, improving quality of life and Ease of Living for millions of citizens is no small task and it requires multiple partnerships. Partnership between Government, business and civil society.

Mr. Jun Zhang, Country Head, India, International Finance Corporation (IFC), shared his views on Sustainable Development of Cities – IFC’s role in impacting Ease of living. He said that Cities play a significant role in improving the economy and GDP of countries and therefore, it’s critical that that the Ease of living for city dwellers & common citizens is improved. He addressed the entire gamut of Ease of Living covering, health & other infrastructure of the cities and the significant role IFC has been playing in Sustainable Development of cities. He also covered the SDGs particularly, poverty alleviation through providing access to finance to the people at the bottom of the pyramid, clean water etc. He particularly highlighted on IFC study estimates climate infrastructure investment of US$2 trillion for South Asia, including India. And As a part of five-year strategy of IFC where 30% of the water of river Ganga will be treated by IFC investee companies.

According to Mr. Zhang, India needs to focus on quantitative data, streamlined methods, and focus on properly executing the projects to ensure that the SDGs are realised by 2030. India is on the right path to improve its Ease of Living index but can be achieved if baby steps are taken consistently.
Covid-19 can cause a range of symptoms of wildly varying severity in people. As the pandemic has evolved and documented clinical case histories have accumulated, every now and then, a new symptom begins to emerge, increasing the uncertainty of the pandemic and its resolve. For the first time in human history, science and medicine are making fast-track developments under developments in life-saving drugs and vaccines, people all across the world are now looking at the medical fraternity for answers like never before.

Under the aegis of the IMC’s new Health and Fitness Committee, launched a series called “Get Fit with IMC”, a series that will highlight various aspects of health and fitness like nutrition, workout, stress management and generally overall well-being.

The second session was on topic of Oral Health and Dental Care, with Dr. Kavita Bhat Kumar, who is a dentist with 25 years of work experience and runs her own clinic called Designer Smiles. She is an oral health expert with hands-on expertise on cosmetic dentistry and surgery.

She spoke about how oral health signifies an overall well being and is a sign of good health. Especially with Covid19, while people are putting oral health on backburner due to aerosol transmission of the virus, Dr. Kumar gave very key insights on how to manage on an individual basis. Oral health has been linked to various health issues like heart diseases etc., hence in the current scenario it is even more important to pay equal attention to it. From various procedures and techniques, to the usage of toothbrush and mouthwash, Dr. Kumar covered almost all details on oral health.

Online Session on Oral Health and Dental Hygiene
With Dr. Kavita Bhat Kumar _________ 26th September, 2020

Online Interaction on ‘Creating Synergies, Boost Domestic Demand & Rebuild Tourism’____27th September, 2020

IMC Chamber of Commerce and Industry through its Travel, Tourism and Hospitality Committee organized the Online Interaction on ‘Creating Synergies, Boost Domestic Demand & Rebuild Tourism’ on the occasion of World Tourism Day, on Sunday, September 27, 2020. The online interaction was organised with a focus on ‘How the tourism industry can be revived amidst the COVID-19 pandemic that has affected the planet’.

The online interaction was addressed by Mr. Suman Billa (IAS), Director, Technical Cooperation & Silk Road, United Nations World Tourism Organisation, live from Madrid along with other esteemed Guests – Mrs. Valsa Nair Singh (IAS), Principal Secretary, Tourism, Excise & Civil Aviation, Government of Maharashtra, Mrs. Veena Patil, Managing Director, Veena World, Mr. Gurbaxish Singh Kohli, President, Hotel and Restaurant Association (Western India), and Mr. Jurgen Bailom, President and CEO, Jalesh Cruises Mauritius Ltd,
Following his speech, a video of UN Secretary General, Antonio Guterres, addressing the need to revive the tourism industry was shared.

Following this, panellists Mrs. Valsa Nair Singh, Mrs. Veena Patil, Mr. Gurbaxish Singh Kohli and Mr. Jurgen Bailom spoke on the challenges and the realities they saw regarding the industry. While explaining their challenges, the four of them strongly believed that it was time to promote local tourism, as 2-3 day-long holidays that were planned a few days in advance was going to be the new norm for a while.

While speaking of Maharashtra, Mrs. Valsa Nair Singh said that the State has used this time to build on its strengths and identify weaknesses. Further, she also shared that the Maharashtra government has come up with the Beach Check and Agri Tourism policy.

Both Mr. Gurbaxish Singh Kohli and Mr. Jurgen Bailom spoke on the need to lift the lockdown with the latter talking about how people were behaving responsibly even while visiting malls in Mumbai.

Mrs. Veena Patil also stressed on how technology has taken a front seat, India has always been a ‘touch and feel’ country, and expressed confidence that organisations that didn’t stress on online presence would fare as well as their online rivals.

Mr. Jurgen Bailom also said that the cruise industry expects to hire 2 million Indians by the end of 2030, as the industry showcased positive trends before the pandemic set in.

Mr. Farhat Jamal, Chairman, Travel Tourism and Hospitality of the Chamber moderated the session. His said focus on capturing domestic demand will be key to revival. Customers will demand adherence to highest standards of safety & hygiene apart from value for every rupee spent.

Later, panelists interacted with the participants and the concerns of the participants were addressed appropriately.

The program was well attended and the online meeting was interactive and interesting. This thought-provoking session ended with a Vote of Thanks by Mr. Ajit Mangrulkar, Director General, IMC and he expressed confidence that the industry would soon see an upward trend.

Around 250 participants representing Members of the Hotel, Restaurant and Travel business and civil society representatives and stakeholders attended and benefited from the Session.

Mr. Juzar Khorakiwala, Vice President, IMC in his welcome address emphasized on the challenges faced by the tourism industry in times of the pandemic. He also cited that there has been 60-80 per cent reduction in tourism. However, on a positive note Mr. Khorakiwala concluded that the industry has faced challenges in the past, but has always bounced back.

While addressing the panel, Mr. Suman Billa stated that international tourist arrivals this year is likely to drop and there are around 22 million Indians who travel abroad each year and they can be targeted as potential clients to explore the wide diversity that India has to offer as a tourist destination. Mr. Billa also opined that there is a need to think of a business plan and a business proposition for the new reality in order to navigate space success.

He also shared that the luxury and the budget segments are doing well, but need to tap the middle-income. In order to do this, there must be improvement in hygiene, infrastructure, make travel easy, and the level of trust must be raised, as this will enable domestic tourism.

Mr. Billa also called for the industry to work together in synergy with the aviation sector, mobilise the digital platform, and keep a watch on deep discounting.

The IMC Law Committee in association with the Ladies’ Wing of the IMC organised an online session on 29th September 2020 following the Supreme Court ruling that held that daughters have equal birth right to inherit ancestral property in a Joint Hindu Family.
The speaker for the event was Honourable Mr. Justice S. C. Dharmadhikari, a retired judge from the Bombay High Court. The moderator was Mr. Anand Desai, Chairman, IMC’s Law Committee and Managing Partner – DSK Legal.

Justice Dharmadhikari, while addressing the group and answering Mr. Anand Desai’s questions, said, “When there is ancestral property, the family owns the property together. The Joint Hindu Family was dominated by men, who managed and administered the ancestral property. There was no such thing as separate shares. However, coparceners are no longer men alone.

In 1994, the Maharashtra government amended the Hindu Succession Act. The Government of India realising that there was a gender disparity, saw that the amendment was passed in 2005, and the Supreme Court has interpreted the amendments to promote the welfare and interest of women.

The Honourable Judge further added that the domination of men continued as it was believed that the property would not be safe in the hands of women. “Earlier, when there were no male descendants, properties would decay due to lack of maintenance. Hopefully, this amendment will change that, as the daughter is now the co-parcener,” he said.

While distinguishing between ancestral and HUF, Justice Dharmadhikari said that Hindu Undivided Family related laws were largely made just to manage Income Tax related issues. “The idea was to minimise the tax burden. The HUF will continue to be there, but not just for tax purposes.”

While speaking of how the law has changed, Justice Dharmadhikari added that the law has said anything prior to December 20, 2004, is not affected by this amendment. However, you will need to show proper documentation or conduct to show that the daughter is not entitled to property because the partition is effected before December 20, 2004. “However, such a case will have to be fought by each individual on their own,” he added.

Following a detailed question and answer session, Mrs Anuja Mittal, the President of the IMC Ladies Wing gave a vote of thanks.

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**Webinar on India - Sri Lanka Current Business Environment and Opportunities for Joint Collaborations for Agri and Processed Food Sector**

**29th September, 2020**

Exploring Agriculture Opportunities to build trade between India and Sri Lanka, post COVID-19

IMC Chamber of Commerce and Industry jointly with the Consulate General of Sri Lanka in Mumbai and the Ceylon Chamber of Commerce organised a webinar on the Current Business Environment and Opportunities for Joint Collaborations between India and Sri Lanka on Tuesday, September 29, 2020.

The event was moderated by Mr. Shiran Fernando, Chief Economist, Ceylon Chamber of Commerce, and was attended by Mr. Dinesh Joshi, Chairman, IMC International Business Committee, Mr. Rizvi Zaheed, Chairman, Sri...
Networking

Lanka Agripreneurs’ Forum, and Mr. Aashish Barwale – Chairman, IMC Agri and Food Processing Committee.

While making introductions, Mr. Fernando introduced Ms Chamari Rodrigo, the Consul General for Sri Lanka to Mumbai. “This is an important time where economic recovery has become an essential priority. Global dynamics will not be the same after COVID-19, as it has affected all nations in various degrees. The pandemic has transformed from a health crisis to an economic and human crisis. It, however, makes me happy to say that despite these challenges, we have managed to make things work. This is the indomitable nature of the human spirit to fight despite all odds,” she said.

Notably, India and Sri Lanka are the first two nations to enter into free trade nearly two decades ago. “It is a period that both economies to work together and build our economies together, and this is a crucial time for both nations. We must benefit from each other and move forward,” she added.

Mrs Rodrigo addressed that both Hon’ble Prime Minister of India, Shri Narendra Modi and Hon’ble Prime Minister of Sri Lanka Shri Mahinda Rajapaksa have been in talks to tackle the crisis that has been the result of the ongoing pandemic. “Sri Lanka has controlled COVID-19, and has resumed activities in the country since June,” she said, adding that the country has a stable government that is looking to strengthen its business need looking at India for agro products, particularly chemical-free agro products for the urban India. “Both India and Sri Lanka are culturally similar, and the improved business ties will be fruitful for both nations,” she said.

Mr Rajiv Podar, the President of IMC Chamber of Commerce of Industry, while greeting the dignitaries and speakers, said, “India and Sri Lanka have a vibrant partnership. Sri Lanka is one of India’s largest trading partners. It’s a tough situation for all, but government trade policies will see how the economies recover.”

Mr. Manjula de Silva, the Chief Executive Officer of the Ceylon Chamber of Commerce, said, “40 per cent of Sri Lanka and 25 per cent of its labour force is in agriculture. It is essential that the agricultural sector plays a role in reviving the economy. Exploring areas for collaboration with Indian investors at this time is important. There is potential to add value in the fruit and vegetable preservation, aquaculture, value-added coconut products, spice products, processed food that will add greater value in the upcoming future.”

Mr. Dinesh Joshi, Chairman IMC, International Business Commission, said, “Bilateral trade between Jan and Dec 2019 was nearly $4 billion. India is one of the largest investors in Sri Lanka with investments across sectors ranging from banking right up to hospitality. There has also been an significant investments by Sri Lanka in India. Post COVID-19 will see a lot of emerging opportunities to bridge the barriers that had been created geopolitically and businesswise. India and Sri Lanka will see an increase in business deals, particularly start-ups.

Mr. Aashish Barwale, Chairman, IMC Agri and Food Processing Committee, said, “India has 160 million hectares of cultivated land with a broad climatic range. More than 50 per cent of India is involved in agriculture, and agriculture and food processing accounts for 30 per cent of India’s GDP. While we are a leader in producer of crops, there is a large annual wastage due to inadequate handling and processing. This is where we see an opportunity in value add and gain in terms of processing the produce that comes out of the farm. There is a need for strong domestic demand, changing lifestyle and preferences, and increased agricultural production, improve our export opportunities, and make use of proactive government policies,” he said.

Mr. Rizvi Zaheed, Chairman, Sri Lanka Agripreneurs’ Forum, said that there was an opportunity for B2B, B2C, as well as customer brands, and own brands. “India has a strong habit of developing customer brands and own brands. Both nations should focus on knowledge sharing to boost each other in the long run.”

Third Online Event of the Series Mediating and Arbitrating Online

Mediating (and Arbitrating) online with CORD

In response to the need of the hour, where our physical movements are restricted, it is imperative to find new ways to support the commercial endeavors of the IMC’s members as also the society at large. With this in mind the IMC’s Mediation and Conciliation Committee in collaboration with IMC ADR Centre (IIAC) has announced and started off a new series of
online events to showcase several online platforms which people/organizations may want to consider using for seeking an early resolution of their disputes without the need to leave their office (or home).

The third online event in this series was held on Monday, 05th October, 2020, wherein Centre for Online Resolution of Disputes (CORD) gave a brief introduction of their Online Dispute Resolution (ODR) platform. CORD is an Online Dispute Resolution Service Provider that aims to facilitate fair, fast and accessible dispute resolution using sophisticated technology and skill.

While apprising the participants about the said ODR platform; Mr. Vikas Mahendra, Co-founder - CORD gave a brief demonstration of their platform and informed that CORD
- is a secure online platform that is designed and developed specifically for dispute resolution processes.
- is a bouquet of modular services that aid dispute resolution processes, providing to the stakeholders in a dispute the freedom to choose the relevant service as needed.
- provides constant support by case managers and tech-support so that the arbitrators, mediators, counsels and parties focus on dispute resolution and not on the administrative work.

Participants raised several queries after the demonstration. Some of them were related to “Occupancy of the people in one virtual room, subscription fees, types of services available for Arbitration process, retrieval of data of the past arbitration hearings, data vaulting, and India Centric ODR platform etc.” which were addressed by Mr. Vikas Mahendra.

Participants appreciated and were benefited by the event whereby they came to know several different aspects of ODR platform.

The event concluded with vote of thanks to Mr. Vikas Mahendra, Mr. P. D. Popat, Chairman, IMC’s Mediation & Conciliation Committee and to IMC for organizing such informative event in the present scenario of the pandemic.

Rebooting The MSME Sector

The IMC’s Law Committee and IMC’s Industry and Trade Committee, organised an online event ‘REBOOTING THE MSME SECTOR’ on 7th October 2020.

The speakers for the event were Dr. Birendra Saraf - Senior Counsel of the Hon’ble Bombay High Court, Mr. S. Suresh, Branch Manager, National Small Industries Corporation Ltd, Mr. Suraj Dodeja, Director, Vashi Electricals Pvt. Ltd and Mr. Charudatta Pande, Co-founder and Managing Partner, Suhrud Consultants and CEO – Grooples Solutions Private Limited.

The event entailed of two sessions.

Session I: Speaker; Mr. Charudatta Pande and Mr. S. Suresh addressed the participants on: Benefits from Amendments and Registration Processes for MSMES.

Session II: Speaker; Dr. Birendra Saraf and Mr. Suraj Dodeja addressed the participants on Dispute Resolution and Recovery of Money.

Following a detailed question and answer session, participants were able to seek first had feedback and answers from the esteemed speakers who were from the Industry sector as well as the legal fraternity.

The valuable perspectives and guidance shared by the experts, served as a platform to share knowledge on the new amendments and their implications, solutions on the evolving situation legal advice on the way forward and steps required to be implemented to make all endeavors to get MSMEs out of this chaos, for their sustainable growth in this sector.
Online Conference on “Three New Labour Codes”

08th October, 2020


Speakers were Adv. Sundeep Puri, Chairman, Labour Laws and People Management Committee and Partner, Sundeep Puri Associates & Advocates, Adv. Ravi Paranjpe, Co-Chairman, Labour Laws and People Management Committee and Partner, Sundeep Puri Associates and Advocates, Mr. Premchand Godhaji, Chairman, Ipcal Laboratories Ltd, Mr. Shishir Baijal, CMD, Knight Frank, Mr. Balfour Manuel, MD, Blue Dart Express Limited, Mr. Bhai Jagtap, General Secretary, BKMM Union, Dr. Raghunath Kuchik, General Secretary Pune, BKS Union, Adv. Vedika Thadeshwar, Sundeep Puri Associates and Advocates, Adv. Vanshaj Puri, Sundeep Puri Associates and Advocates.

Mr. Rajiv Podar, President, IMC in his welcome address said “It is one of the most important policy decisions of the current government with the potential to impact millions of organised and unorganised workers across the country while also ensuring that India has a competitive edge where industry and commerce is concerned. It is indeed walking a tightrope to balance two equally important and competing needs of industry and the workforce.

In his introduction Chairman Adv. Puri said, this program mainly focused on major changes in these three labour codes, how it will practically benefit all and how it will adverse the industry.

Mr. Premchand Godhaji said he welcomed government initiatives in formalising 30 old central labour laws into four codes. He said we must congratulate government to bring transparency through theses codes in the day today working of the industry. Talking about changes in the definition of aggregator & basic wages he said because of changes in definitions cost for the industry will increase. He further said lacking in these all codes is productivity for the companies.

Mr. Shishir Baijal, CMD, Knight Frank said, Labour Laws and Land Laws were pending from many years and present government has done landmark achievement in passing these labour codes. This has brought uniformity especially in definitions used in earlier laws. Due to various definitions in the laws it always creates confusion and thus resulted in unnecessary litigation. What the government has done has made it less stringent for industry while improving lives of labour. This provide operational freedom to the employers now although the provisions related to universals social security and guaranteed minimum wages may substantial add to the cost of hiring. Initiatives of bringing transparency and accountability through the codification of labour laws will bring ease of compliance to the Industry and investment push for India.

Mr. Balfour Manuel, Managing Director, Blue Dart Express Limited in his address said, being a good employer won’t consider the new labour laws challenging. However, given the constrained and restrained environment we are working in due to the pandemic, there will be concern about hire and fire becoming more common. However, the laws are business-friendly, which will enable India to become a manufacturing hub and increase our exports. While there is fear that there will be reduction of permanent jobs, which are grounded in the current scenario, the laws have good intent, and will ensure stability if companies follow good people practices,” he stressed.

Mr. Bhai Jagtap, General Secretary, BKMM Union, however, condemned the current government for passing
the law without having an Opposition in the house. Talking about IR code Mr Jagtap said it is based on industry, workers and employers life. I need to understand what the IR code comprises and how it will be attended to. 90% of the workers will be defenceless when it comes to this new law. Even the BJP union has opposed passing of this law, calling it ‘anti-labour’. All unions have called for a bandh regarding the passage of this law. Furthermore, this is a vast country with several languages, and want to understand how the workers will manage the so-called simple redefined law,” he said.

Dr. Raghunath Kuchik, General Secretary Pune, BKS Union, agreed with Mr. Jagtap, said that the new laws will not help with the workers. “HR and other people may feel happy, but this is not the best way to explain ease of doing business. For industrialists, it may be a good deal, but it’s not beneficial for workers. The members, who are part of the 30-member Parliament Committee, who passed this law, have never been trade union members. We also need to define green, blue, red, and white-collar workers,” he added. Talking about national minimum wages he said, there is no scheme of implementation of minimum wage.

Advocate Sundeep Puri and Advocate R V Paranjpe shared a presentation explaining various aspects of newly passed three labour codes. The presentation explained all the queries, as well as history of labour laws in India.

The presentation addressed all the legal matters, including the definition of skilled workers, semi-skilled workers, as well as other parts of the workforce. During the session speakers took many questions from participants and suggested practical solutions and way forward. The discussion was very informative, well appreciated by the participants and helpful in providing solutions.

About 325 participants attended the conference, which included top management of HR and legal departments of leading corporations and senior officials from labour commission department.

Online Seminar on “Rebooting Economy - Role of NBFCs”

Keeping the economy in mind and changes due to Covid 19 pandemic has changed our outlook. The NBFC Committee of IMC in association with Finance Industry Development Council jointly organised an Online seminar on “Rebooting Economy - Role of NBFCs” on October 9, 2020. Mr. Rajiv Podar, President of IMC Chamber of Commerce and Industry welcoming the speakers. “NBFC has played a key role by catering to diverse financial leads. NBFCs play a role in helping MSMEs and SMEs build in India. They supplement the role of banking sector by delivering credit to the unorganised sector. They will play a significant role in helping a company’s growth story.”

Mr. Rajiv Podar, President of IMC Chamber of Commerce and Industry welcoming the speakers. “NBFC has played a key role by catering to diverse financial leads. NBFCs play a role in helping MSMEs and SMEs build in India. They supplement the role of banking sector by delivering credit to the unorganised sector. They will play a significant role in helping a company’s growth story.”

Mr. Mahesh Thakkar, Chairman, NBFC Committee, IMC & Director General, Finance Industry Development Council, said NBFCs can help meet financial goals, along with banks. “They have a key role in solving problems, developing and partnering SMEs & MSMEs,” he said. The seminar was divided into two sessions. The first session, titled Liquidity Concerns for NBFCs was chaired by Mr. Ramesh Iyer, Co-Chairman, IMC NBFC Committee and Vice Chairman & MD, President - Financial Services Sector & Member of the Group Executive Board, Mahindra & Mahindra Financial Services Ltd. and Chairman, FIDC.

Panelists for this session included Mr. Ramesh Iyer, Independent
Mr. Ramesh Iyer highlighted the role of NBFCs in India for the past five decades. “NBFCs look at the borrower, not current financial status, & their future earnings. They are there during good times & difficult times – more so in difficult times – to partner with individuals or companies,” he said, adding that it is a misnomer that NBFCs compete with banks. “Data for the past 15 years will illuminate the role of NBFCs in helping India’s economy.”

Mr. T. T. Srinivasraghavan, said that NBFCs are heterogenous and it was a fallacy that they were considered homogenous. “Unfortunately, there is no granularity when it comes to NBFCs, which shows the challenges they face. If you look at higher rated companies i.e. There are supposedly 12,000 NBFCs registered with the RBI, but this information hides a lot. Around 100 NBFCs manage 90% of businesses. The rest cater to businesses that large players won’t reach out to,” he said, adding that there are 3-4 NBFCs that are part of the PSU.

“Once you realise this, funding and liquidity challenges vary across the system. In the past 75 years, there were very few defaults, similar with banks. But nobody will ask you to shut down banks. You have to hand it to the government and RBI for taking the necessary steps to bolster NBFCs since the pandemic broke out. This is good, as NBFCs have the ability to reach the underserved and promote financial inclusion,” he said.

Mr. Raman Aggarwal, while speaking on small NBFCs, said the sector has harmonised, irrespective whether NBFC is large or small. He spoke on the role that NBFCs played. “It is a clear recognition of strength of NBFCs. Let banks and NBFCs work in tandem. It is a golden opportunity, and with the push the government and RBI is giving, it will be a great opportunity for banks and NBFCs,” he said.

Dr. M. Narendra, who has been associated with NBFCs for several years, said, “NBFCs have been important institutions that has given credit to MSMEs and even the unserved sector. As of March 31, 2020, banks have lent Rs.8 trillion to NBFCs, with 26% growth. There have been substantial contributions by banks in growth of NBFCs. The mutual fund industry supported NBFCs with a donation of Rs 1.29 lakh crore. While this has dropped to Rs.49,000 crore, I don’t see it as negative,” he said, adding that lending through NBFCs in terms of priority sector lending. However, he said that NBFCs will have to increase their capital base to meet the increasing demand that has resulted from the shock of the pandemic.

The session summarised that it was a good time for NBFCs despite difficult times. The panellists requested transparency and discipline to ensure a better future for NBFCs in India.

The second session, titled NBFCs Funding for MSMEs/Traders/Entrepreneurs, was chaired by Mr. K. V. Srinivasan, Co-Chairman, IMC NBFC Committee & FIDC and Director & CEO, Profectus Capital. Panellists were Mr. Shachindra Nath, Executive Chairman & MD, U Gro Capital Ltd, Mr. Umesh Revankar, MD & CEO, Shriram Transport Finance Co. Ltd, and Mr. Shailesh Haribhakti, Chairman, Shailesh Haribhakti & Associates.

Mr. K. V. Srinivasan, said, “India’s economy has depended on MSMEs and without them, larger companies would not thrive. MSMEs become critical for the future stability and growth of the nation. NBFCs role towards contributing to MSMEs is larger than banks,” he said.

Mr. Shachindra Nath said that when it comes to MSMEs, each is different from another. “It’s difficult to build a credit model. All credit and innovation are done through NBFCs, and this has been seen India and across the world.” he opined.

While speaking about the NBFCs loaning money to MSMEs, he added that the role of NBFCs is to look at the income profile of the MSME. “There are factors such as GST that enable NBFCs to check turnover and cashflow. Lenders also need to go beyond cashflow-based financing, and rely on technology,” he said.

Mr. Shailesh Haribhakti added that the rural sector was thriving. “The rural sector has delivered the highest performance in the month of September 2020. That is a leading factor. Last month, after the farmer’s bill protest in Punjab, there has still been growth. There is healthy competition and this is example of what innovation can do in the rural sector. It’s important that all lending is digitalized and have a database, create smart villages,” he said, adding that it only leaves us to imagine the potential that India’s rural economy has.

Mr. Umesh Revankar, while speaking about the demand for vehicles said that they are run by small operators or individuals. “We have around 1 crore vehicles registered in India, and 4-5 crore people are directly or indirectly involved in vehicles. The pandemic has seen a dip in vehicles, but I see the demand go up, which is a cycle that has been seen in the past. Lending to these people requires knowledge, and companies like ours can help several operators,” he said.

The event concluded with remarks by Mr. Atul Joshi Founder & CEO, Oyster Capital Management. Calling the session insightful, he said that the pandemic has opened up a pandora’s box, adding that opportunities are plenty.

The webinar was sponsored by Shriram Transport Finance Co. Ltd. and Magma Fincorp Ltd. as Silver sponsors and Tata Motors Finance and Shapoorji Pallonji Finance as Logo Sponsors.

Vote of Thanks was proposed by Mr. Ajit Mangrulkar, Director General, IMC Chamber of Commerce and Industry, where he thanked Tata Motors Finance Ltd and Shapoorji Pallonji Finance Pvt Ltd. and all the eminent panelists and sponsors of the Seminar.
Online Webinar on “GST – Recent Initiatives, Challenges and Way Forward” 10th October, 2020

The IMC’s Indirect Taxation Committee organized a Webinar on “GST – Recent Initiatives, Challenges and Way Forward” with Mr. Vivek Johri, Member (GST, IT and Tax Policy), Central Board of Indirect Taxes and Customs and Mr. Yogendra Garg, Principal Commissioner, GST, Central Board for Indirect Taxes on Saturday, October 10, 2020.

The focus of the Webinar was to appraise Members of recent initiatives of the Government around the GST law, the focus areas likely in the coming year as well as to address the issues raised by Members regarding the challenges faced by them and the possible way forward thereto.

GST has now completed three years. Various challenges have been faced by businesses and the Government, Central as well as States, which have resulted in the numerous amendments and clarifications. The on-going pandemic has put an additional strain on businesses which has necessitated various relaxations being introduced by the GST Council.

Mr. Rajiv Podar, President of IMC, welcomed the dignitaries. “It’s been three years since GST came into being, and businesses and governments – both central and state – have faced challenges. With the misses there have also been hits that have showed that GST has been successful, despite its hurdles.”

Mr. Vikram Nankani, Chairman, IMC Indirect Taxation Committee and Sr. Advocate, welcomed the team, saying that 17 questions had been asked. “Challenges are faced by both businesses and government, and certain issues get more complicated because of the miscommunication between Centre and State governments. Industry also has to put its house in order as it is unfair to blame the government for everything,” he said.

Mrs. Bhavna Doshi, Past President, IMC and Mentor of Indirect Taxation Committee, IMC, who has been a tax expert for several years, also welcomed the speakers.

Mr. Vivek Johri said, “On October 5, GST Council met for a significant meeting, which will hopefully ensure ease of business,” he said.

Talking of concerns raised by MSMEs of GST complications, he said many businesses had to depend on an outside agency to do their tax filing. “The back & forth between buyer & seller complicated things and led to poor filing discipline. Despite amendments issues of smooth flow of ITRs remained. The 39th meeting of GST Council this year, a programme called returning enhancement programme to simplify tax filing process was begun. Based on those directives, return filing process was revampedby Oct 5,” he said.

While speaking of the salient features of the system, Mr. Johri said that the filing of GSTR1 would be the same. “The big change that will happen is that the tax payer is able to see the availability of ITC during the tax-paying cycle with respect to GST R2B. From GSTR2B, the tax will flow to GSTR3, thereby simplifying the process,” he added.

The PDF shown during GSTR1 will now become editable from January 1, 2021 for monthly taxpayers, Mr. Johri informed. Other changes include quarterly returns. “As much as 89 per cent of India’s taxpayers will be able to file quarterly returns with ease that begins on January 1, 2021. This will be done as taxpayers who have an annual income less than Rs 5 crore per annum can pay their tax liability without revealing their liability,” he said, adding that what the changes seek to do is make the taxpayers pay 11 per cent monthly tax, and the remaining 89 per cent every quarter. This, Mr. Johri, added would ensure ease of business.

However, Mr. Johri said that there would be challenges, starting with filing GSTR1s and GSTR3s on time. “For the system to work, we have to ensure we comply with the law and file the returns in time. Another thing that will happen is that there will be a requirement to indicate all the service classification in the invoices. For businesses over Rs 5 crore, the HSN has to be a six-digit number, but for businesses below Rs 5 crore, will have a four-digit HSN code,” he said.

Mr. Parind Mehta, Co-Chairman, Indirect Taxation Committee, IMC moderated a Q & A session asked by people who attended the session. The queries were then answered by both
Mr. Johri and Mr. Garg. In all, 17 questions were asked by the members present, which were clearly answered by Mr. Johri and Mr. Garg.

Mr. Vikram Nankani thanked the speakers and hoped for a better relationship between Centre and State, State and Industry, as well as Centre and Industry. Mr. Parind Mehta then gave the vote of thanks.

Get Fit with IMC

Session Four: Upgrade your brain with tech with Mr. Kumaar Bagrodia.

From the advent of Covid 19, leading to the lockdown that followed to curb the spread of the virus, one thing people cannot ignore anymore is their mental health.

Lockdown, quarantine and isolation from families and societies are leading people on path of depression, loneliness and also insecure about their jobs and finances.

In the fourth session under the series of ‘Get Fit with IMC’, Mr. Kumaar Bagrodia, Founder of Neuroleap spoke about how they use technology to map brainwaves, which helps them to zero down on the actual issues that the client is facing and using the same technology, correct the same so that the client is encouraged to do the ‘right thing that will help him reach his goals.

Be it coming out of depression or anxiety or losing weight and building confidence, most of the issues are handled using technology and help the clients successfully.

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**Online Seminar – INDCON 2020-21**  
“Building Stronger Research & Development Ecosystem—Enabling Saksham Bharat Abhiyaan” —— 26th to 28th October, 2020

IMC in association with MIT World Peace University, inaugurated INDCON 2020-2021 – Industry Academia Conclave (Online) - a Series of Virtual Conclaves on “BUILDING STRONGER RESEARCH & DEVELOPMENT ECOSYSTEM—enabling ‘Saksham Bharat Abhiyaan’” comprising of 11 conferences spread over 11 cities.

The first conclave of the series was inaugurated on 26th Oct, 2020 focusing on Mumbai- Pune region.

The Mumbai- Pune event spread over 3 days- from 26th Oct to 28th Oct, 2020 during which 9 virtual sessions were held with active participation from stakeholders from Industry, Academia and R&D experts.

**Day 1:**

**Mr. Rajiv Podar,** President of IMC, while speaking at the event said, “The new education policy 2020 is a significant milestone that will transform the education sector in India, and open opportunities and boost our economy. This will produce an employment-ready workforce and help us achieve the $ 5 trillion economy.”

**Mr. Pravin Patil,** CEO, CIAP, MIT World Peace University, while speaking, said that the purpose of INDCON was to provide a platform for the researchers in India that are aplenty, but don’t have a forum. “This is the first event, and over the next nine months, we want to bring the right change to India’s education system.”

**Dr N. T. Rao,** Vice-Chancellor, MIT-World Peace University questioned why the industry did not trust academics to solve their problems. “There is a requirement for industry and academia to work together. We always thought research was about getting a PhD. A PhD is only a piece of paper, but if research does not improve the lives of people, a PhD is fruitless. Ideally, the theme of the research should come with such solutions where people’s lives constantly improve. INDCON aims at providing solution – it could be anything from helping farm labour, a solution to tackle hunger, or provide a solution to improve healthcare in a country. India spends 0.6% of its GDP on research, which is disappointing. It also shows that the government is only spending. The industry should also put its hand up, and spend on R&D. Both industry and academia need to work together and rely on each other to provide a sustainable future,” he said. While he added that India needs to improve its research culture, Dr Rao expressed
optimism at the future, saying that it would be one step at a time to ensure that the nation would have industry and academia work in synergy.

Mr. Jayanta Deb, the Chief Technology Officer, MG Motors, while addressing the conclave shared some of his experiences from his 42-year career. “Our professors were up-to-date with all R&D at IIT. It also depends on how your professor teaches you. I was lucky to have a great set of teachers, and professional mentors. Academia and R&D are interrelated. When I joined Telco in 1977, I wondered how we solve a sixth-level differential equation in real-life experiences. Fortunately, I was always in touch with fresh graduates who were always available with fresh ideas using academic experiences. This resulted in the formation of a Computer-aided engineering (CAE) department, and eventually built a small prototype four-wheeler. The company director saw it, and saw a potential, which gave me the impression that young people can lead important projects,” he said, adding that since he was in product development, there has been constant evolution in products. “Today, it is far easier to focus on electronics rather than mechanics to make a product change,” he said.

While talking about China, Mr. Deb said that while he was in General Motors, the Chinese colleagues would treat Indians as expert. “China was an expert in manufacture, but because they would have young engineers sit with the senior officials to learn from us, have become experts in engineering. If the Chinese can club academia and industry, why can’t India? We have the potential to do it, and can ensure that it happens sooner rather than later,” he said.

Session 2: on “Role of Educational Institutions in Research and Development Initiatives in India” was Moderated by Dr. Prasad Khanderkar- Dean FoET, MITWPU. The key speakers were Mr Samir Somaiya- Chairman & Managing Director, Godavari Biorefineries Ltd I Chancellor, Somaiya Vidyavihar University, Dr Indu Shahani-President and Chair, ISDI I ISDIWPP I Indian School of Management and Entrepreneurship and Mr Nikhil Bhaskaran- ARM Innovator & Founder, Shunyaos.org

Moderator Mr. Pravin Patil- CEO, CIAP MITWPU facilitated the session on “Industry – Academia Knowledge collaboration, role of corporates in India” The key Speakers were Dr Prabhat Ranjan- Vice Chancellor, D Y Patil International University (Pune), Dr Sunita Srivastava- Director, Aditya Institute of Management Studies and Research, Mr S.H. Mehdi- General Manager- HR, HPCL, Mr. Venkat Iyer - Director & COO, Unnati Educare Private Limited were the key speakers for the session on “Industry – Academia Knowledge collaboration, role of corporates in India”.

Day 2 started with a Session on ‘Research eco-system in India, role of Industries and Academic institutions’. The key speakers were Dr Mohan Rao- Associate Dean (External Collaborations), IES Academy; Ms Darshana Jain- CEO, Snapper Future Tech; Mr Pratyush Panda- Vice President & Head-CRSR, ACC Ltd; and Dr Kamal C. Vora- Sr Deputy Director & Head- ARAI, Chairman- ASDC Expert Group on EV. Moderator Dr Rajiv Thakur- Prov VC
Day 3: 28th October, 2020

**Session 1 “Best practices in Research and Development: India and other top 10 countries in R&D”**

Ms. Ravneet Pawha  
Mr. Anjani Bansal

**Session 2 “Identifying the potential of R&D in India and understanding the challenges faced by the academic institutions to strengthen R&D within the University”**

Padmashree  
Dr. Sanjay Dhande  
Mr. Kundana Lal  
Dr. Saurabh Mehta

**Session 3 “Research and Development: Challenges in Indian higher education”**

Ms. Manju Nichani- Rector  
Mr. Vinayak Jadhav  
Dr. Parizad A. Elchidana

**Session “Research and Development: Challenges in Indian higher education”** was moderated by Mr. Pravin Patil - CEO CIAP, MITWPU. The key speakers were Ms Manju Nichani- Rector - Sadhu Vaswani Institutes of Learning (Pan India); Former Principal, K C College Mr Vinayak Jadhav- Ex Dy Group CFO- Hindustan Construction Company /Founder- Finnovate; Dr. Parizad A. Elchidana- Principal Technical Consultant- Pharma, ACG

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Dr. Suman Devdulla, MITWPU moderated the session on “Opportunities and Challenges for sustainable R&D initiatives in India”. The spokesperson were Dr Lalit S. Kanodia- Chairman-Datamatics Group, Founder CEO- TCS, Dr A.P. Jayaraman- Nuclear Scientist- BARC (64-04), Chairman-National Center for Science Communicators, President-STEAM Academy and Trustee-Indian Development Foundation, Ms Nidhi Raina- CEO and Founder, QUONSCIOUS

“Will the NEP-2020 be helpful in promoting Research and Development culture in India?” session was moderated by Dr. Anjali Sane, MITWPU. The key speakers were Dr. Rajan Saxena- Co-founder-The Open Ed works (TOE), Former Vice Chancellor-NMIMS (Deemed University), Former Director-IIM Indore & SPJIMR Mumbai, Dr. Preeta George- Associate Dean - Executive Education & Modular Programmes, SPJIMR Dr. N. T. Rao- Vice Chancellor, MIT-World Peace University

Day 3 started with Session on “Best practices in Research and Development: India and other top 10 countries in R&D”. The Speakers were Ms Ravneet Pawha- Deputy Vice President-Global, CEO - South Asia- Deakin University-Australia; Mr Anjani Bansal- Dy Director-Strategy and Investments-Bill and Melinda Gates Foundation-India. This event was moderated by Dr. Anuradha Parashar, MITWPU

Moderator, Dr. Rajiv Thakur- Prov VC, MITWPU facilitated the session

“Identifying the potential of R&D in India and understanding the challenges faced by the academic institutions to strengthen R&D within the University”. The spokesperson for this session were Padmashree Dr Sanjay Dhande- Former Director- IIT Kanpur; Distinguished Professor-Savitribai Phule Pune University; Mr Kundana Lal- Founder and President, Vitti Research Foundation; Dr Saurabh Mehta- Chief Academic Officer & Professor- Department of Electronics and Telecommunication, Vidyalankar Institute of Technology- Mumbai
Online Seminar on Commodity Market Fundamentals Forum:
Bullion and Base metals  27th October, 2020

IMC Chamber of Commerce and Industry in association with MCX-IPF organized Online Seminar on ‘Commodity Market Fundamentals’ covering Bullion and Base Metals.

IMC Vice President Mr. Juzar Khorakiwala in his welcome address stated that a study of the supply and demand fundamentals is a key to having a clear view about the unfolding future. Therefore, an understanding of the, ‘market outlook’ or the fundamentals of commodity markets is critical for the market participants to take informed decisions about trading strategies.

Mr. G. Chandrashekhar, Economic Advisor IMC and Director IMC-ERTF, Moderator of the Seminar, explained the current scenario and various drivers of the global commodity market covering bullion and base metals. He highlighted that, “China is the mover and shaker of the world’s industrial base metal market. There is a positive co-relation between economic growth and metal consumption. The pandemic destroyed demand around the world but in the second half of the year Chinese economy has bounced back triggering a rally in industrial metals”. According to him the good news is that the price of base metals is back to pre-COVID level. Whereas, there is huge liquidity boost by the US Federal Reserve, clubbed with the weakened US dollar and that has propelled Gold and Silver market.

Mr. Kunal Shah, Head of Commodities Research, Nirmal Bang, was of the view that “The times will change and we are going to see a volatile ride in the base metal market. Developing markets will slowly follow what happened in the developed market and see a slow recovery, i.e. is a k-shaped recovery”. He also mentioned that there is a huge opportunity to look at metals as a commodity.

Ms. Rashmi Nihalani, AVP - Base metals, MCX, explained on how MCX deals with these five metals (aluminium, copper, nickel, zinc, and lead), and provides deliverable contracts on the stock exchange. She was of the view that the policies set by US and China will give an idea of how the industry will fare in coming months.

Discussing about Bullion market fundamentals, Mr. Shivanshu Mehta, Head - Bullion, and MCX said that there has been a historic negative correlation between commodities and other asset classes. Further he explained how MCX trades gold and also showed how the market operates. He talked about the benefits of hedging and Options contracts.

According to Mr. Chirag Sheth, Principal Consultant, South Asia - Metals Focus, despite the lack of physical demand, gold would always be a commodity and insurance. When the demand is high, it is a commodity, but it is an insurance when the demand is low. Gold is going through a phase of consolidation where there is a rise in price.

He also said that Gold is lacking direction because of the volatile market, which is why it is taking direction from the dollar, the whole scenario will change after this pandemic ends.

The seminar ended with the vote of thanks by Mr. Tanil Kilachand, Co-Chairman IMC ERTF.
The Excellence in Crisis was organized by IMC Ramkrishna Bajaj National Quality Award (RBNQA) Trust on 30 October, 2020.

The world has seen an unprecedented change with the COVID 19 Pandemic altering the course of our processes. To encourage learning and sharing of ideas, the trust organized a competition that encouraged organizations from various sectors to share their stories of learning or innovation during the ongoing pandemic.

We received a great response to this competition with 44 organizations participating in this competition and sending their entries with details of their project. These submissions were first reviewed by the IMC RBNQA examiners who assessed these submissions against a set of five criteria requirements. Scores and justifications were worked out against the performance of these organizations.

These scorings and justifications were further reviewed by NAC committee members and 17 organizations were shortlisted. These shortlisted participants were then placed before an esteemed panel of Judges for the final selection.

The panel selected winners in each of the three category;

• **Crisis Super Heroes** - Gujarat Cooperative Milk Marketing Federation Ltd (GCMMF) Amul, Gujarat

• **Crisis Innovators** - Global Indian International School, Abu Dhabi

• **Crisis Learners** - Urban Company, Gurgaon

These were the winners of the competition.

Certificates of Merit were presented to the remaining 14 organizations. The final presentation ceremony was showcased during the Excellence in Crisis – e-event on Friday, 30 October, 2020. The chief guest for the evening was Dr. R S Sodhi, Managing Director, Gujarat Co-Operative Milk Marketing Federation Ltd who spoke on innovation during turbulent times.

### Panel of Judges

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<tr>
<th>Dr. Gopal Krishna Prabhu</th>
<th>President, Manipal University Jaipur</th>
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<tr>
<td>Mr. Jairaj Purandare</td>
<td>Chairman, JMP Advisors Pvt. Ltd.</td>
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<tr>
<td>Mr. Joy Chakraborty</td>
<td>Chief Operating Officer P D Hinduja Hospital and Medical Research Centre, Mumbai</td>
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<tr>
<th>Dr. Lalit S. Kanodia</th>
<th>Chairman, Datamatics Groups</th>
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<td>Mr. Nayan Patel</td>
<td>Executive Director, Packam Controls Pvt Ltd</td>
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<td>Mr. Pradeep B. Chinai</td>
<td>Managing Director, Exedy India Ltd</td>
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<tr>
<td>Mr. Vivek Talwar</td>
<td>Founder, Chrysalis</td>
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Dr. R S Sodhi Ms. Heena Rachh Mr. Raghav Chandra
Go Vegan and Stay Healthy in Covid Times

Ms. Reyna Rupani, Mumbai head SHARAN (Sanctuary for Health & Re-connection to Animals & Nature) brought to light the fact on how one can actually live a life without medicines and can reverse Lifestyle diseases such as Diabetes, Blood Pressure, Thyroid, etc. The talk was based on global scientific research and gave practical guidelines about the best way to eat in order to regain one’s health.

Following the talk, was the practical aspect of veganism where SHARAN’s expert facilitator Ms. Somna Sachdev from Chennai demonstrated few healthy and vegan recipes.

Film Appreciation Workshop

IMC Ladies’ Wing in association with Avid Learning hosted the Film Appreciation Workshop with Film Critic and Festival Programmer - Ms. Udita Jhunjhunwala.

Ms. Udita Jhunjhunwala spoke on the conceptual frameworks of film appreciation and further breaking down the language of cinema in a manner that is understandable to even the most unaware. The discussion was based on the film - Thappad and the short film Bold is beautiful.

Cruising with Aqua Expeditions - An Virtual Experience

Mr. Francesco Galli Zugaro, CEO of Aqua Expeditions in conversation with Mr. Keshav Arya, Partner in PureLuxe by KFT Corporation, Mumbai took the participants on a virtual journey down the Mekong River on Aqua Mekong and through the Komodo National Park, Spice Islands and Raja Rampat in Indonesia on Aqua Blu.

While doing so, they also portrayed the variety of excursion possibilities and most importantly covering the new higher safety and sanitation standards under their post COVID measures.

How to Balance Your Life

IMC Ladies’ Wing in association with Rotary Club of Bombay Bayview hosted an inspiring E-Event ‘How to Balance Your Life’ with World-renowned spiritual speaker Brahma Kumari Sister Shivani.

B K Sister Shivani has been a practitioner and a teacher of Rajyoga Meditation that is at the heart of the teachings of Brahma Kumari’s World Spiritual Organization, since 1996. She gave valuable insights on staying balanced and calm and coping with challenges that occur in our lives. In her own distinctive elegance she guided all on the right path towards a more meaningful and righteous way of life.
A World of Three Zeros with Professor Muhammad Yunus  
16th September, 2020

Nobel Peace Prize Laureate and Founder of Grameen Bank Professor Muhammad Yunus, known as the banker to the poor, presented his vision for zero poverty, zero unemployment and zero net carbon emissions world. In conversation with Mrs. Radhika Haribhakti Former Chairperson of Women's World Banking, Professor Muhammad Yunus, with his vast knowledge, felicity of expression and passion for causes he espouses, spoke about his radical economic vision for tackling inequality, joblessness, and environmental degradation.

With A World of Three Zeros he suggested to embrace a new form of capitalism, and improve the world for everyone before it’s too late.

A soiree with H. H. Maharani Radhikaraje Gaekwad of Baroda  
3rd October, 2020

Ms. Devna Gandhi, shared her erudite thoughts on reviving chanderi and other dying weaves that have played a major role in the tradition and culture of the Gaekwad family.

She stated that, “India has an ethos of culture and craft and a deeply entrenched belief in the sacred feminine. It is therefore only natural for our women entrepreneurs to excel in the domain of both creativity and enterprise. Today more than ever, in the times of physical, mental and financial distress, we need to carve a creative and viable platform for ourselves. I am so happy to note the virtual Women Entrepreneurs’ 2020 Exhibition is exactly that. I wish all the participants and supporters all the very best in this novel endeavour. Her inspirational message for our very first Online Women Entrepreneurs’ Exhibition gave great impetus to our initiative of women empowerment.

Virtual Women Entrepreneurs’ (WE) Exhibition  
4th to 11th October, 2020

The 34th edition of the highly acclaimed IMC Ladies’ Wing Women Entrepreneurs’ (WE) exhibition was held from 4th to 11th October, 2020. This year the exhibition adapted its avatar from a physical to a digital one. The online exhibition format allowed the thriving platform to adhere to the safety requirements of the new normal, while extending its reach beyond Mumbai to cities across India and the world as well.

The digital showcase presented an array of goods by 85 women entrepreneurs and 3 sponsors in categories including - exquisitely designed apparel, bespoke jewellery, lifestyle, gourmet products and home décor accessories - all meticulously curated in accordance with stringent quality standards set by the IMC Ladies’ Wing Exhibition Committee.

H. H. Maharani Radhikaraje Gaekwad of Baroda, Ms. Bhumi Pednekar and Mrs. Kokilaben Ambani supported our cause of Women Entrepreneurship and empowerment by sending encouraging messages. The virtual edit was visited by more than 21 thousand visitors.
Uncover your true being...your dreams, your fears and your relationships

15th October, 2020

Through this insightful session, Dr. Sukriti Kushwaha, Chief Psychologist and Head of Programs at EmancipAction India Foundation and Mrs. Amla Ruia - Social Activist and Entrepreneur advised on how to cope up and overcome with varied emotions and also effective ways to gain mastery over fears, relationships, sleep patterns and dreams especially in these unprecedented times of uncertainty.

The Reciprocal Impact of Cinema on Nature with Mr. Bittu Sahgal

28th October, 2020

Mr. Bittu Sahgal took audience through mesmerizing videos and pictures on the wonders of the natural world and helped them learn to appreciate and conserve the true beauty of nature.

He highlighted the pressing issues that are endangering our country’s flora and fauna, and making us aware about the potential of humans to catalyse a shift towards a more sustainable future.

Mr. Bittu Sahgal is the Founder of the Sanctuary Nature Foundation, Editor of Sanctuary Asia, India’s first and largest circulating wildlife and ecology magazine (1981) and Founder-Editor of Sanctuary Cub (1984), India’s oldest and only wildlife magazine for children.