



FTCCI *Review*

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THE FEDERATION OF TELANGANA CHAMBERS OF COMMERCE AND INDUSTRY

Vol.II. No. 30 | August 11, 2021 | Rs. 15/-

Four policy issues to consider for Electric Vehicles in India

..... 26pg

Remote but ready: Post-lockdown world ready for automation technologies

..... 30pg

Central Bank Digital Currency-Is This the Future of Money

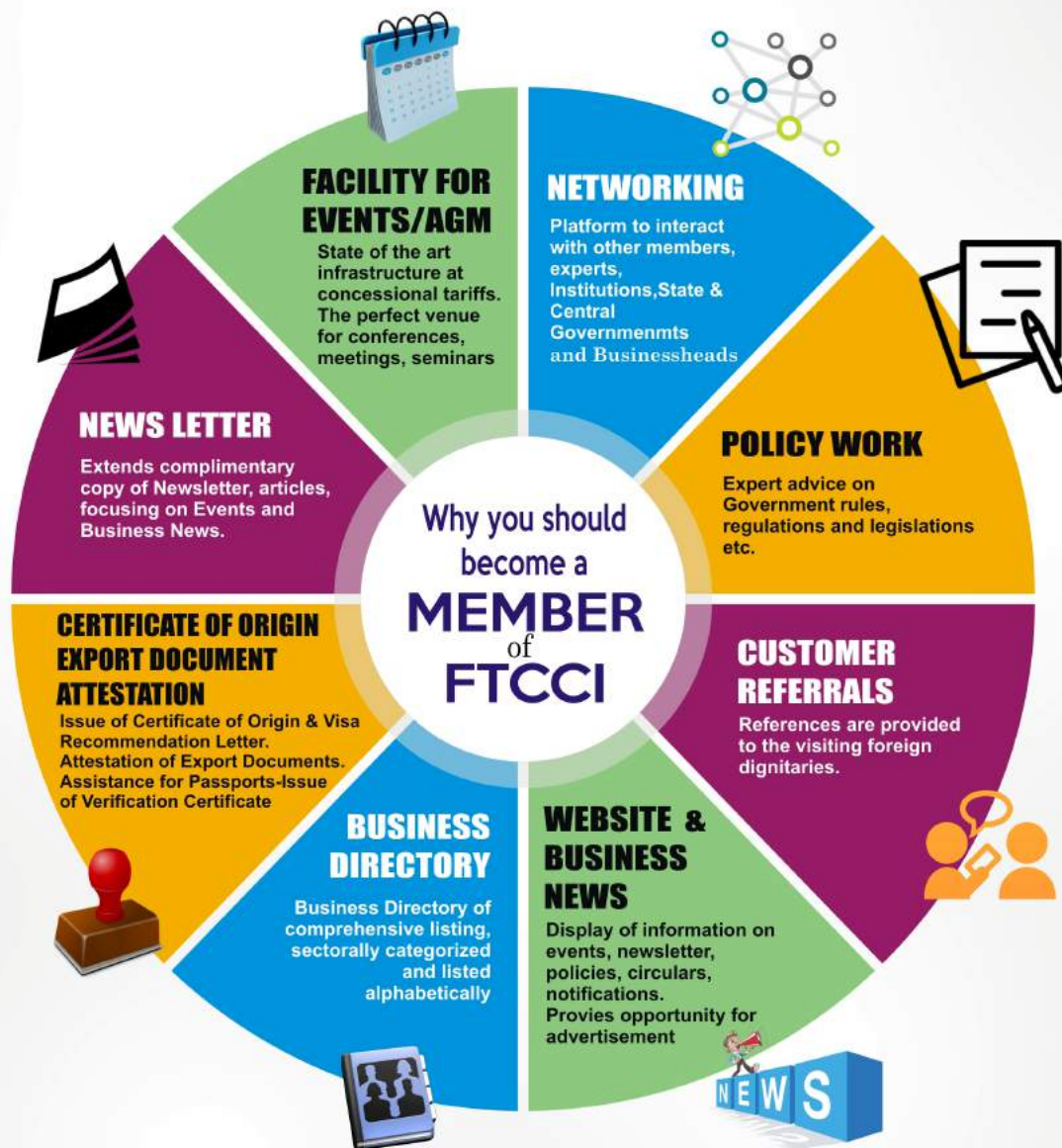
..... 32pg





The Federation of Telangana Chambers of Commerce and Industry (FTCCI)

(Formerly known as FTAPCCI)



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Further details please contact: Mr. Shiva Shankar

Ph : 9100199978

shankar@ftcci.in

Federation House, 11-6-841, Red Hills, Hyderabad 500004, Telangana. India.
Tel : 91-40-23395515 to 22 (8 lines) Fax : 91-40-23395525 e-mail : info@ftcci.in



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FTCCI Officials with Smt. Tamilisai Soundararajan, Hon'ble Governor of Telangana at Raj Bhawan.



ISO Certificate Awarding Ceremony : 19th July, 2021

Sri A.Sivaiah, MD, HYM International Certification Pvt Ltd presenting ISO Certificate to Sri Ramakanth Inani, President, FTCCI. Sri R. Ravi Kumar, Chair, HR & IR Skill Development Committee
Sri K.Bhasker Reddy, Sr Vice President, Sri Anil Agarwal, Vice President of FTCCI and Sri T.Sunder Ramaiah, (Retd. Judge) also seen.



FTCCI Review

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- August 11, 2021

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T. Sujatha, Dy. CEO

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Ph: 23395515 to 22 (8 lines)

e-Mail: info@ftcci.in

website: www.ftcci.in

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offering write to us at
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104th

ANNUAL GENERAL MEETING



Outgoing President
Sri Ramakanth Inani
welcoming the Incoming
President Sri K.Bhasker Reddy
by pinning the lapel pin



Incoming President
Sri K.Bhasker Reddy
welcoming the Incoming
Sr Vice President
Sri Anil Agarwal
by pinning the lapel pin





Sri K.Bhasker Reddy,
President and Sri Anil
Agarwal, Sr Vice President
welcoming the Incoming
Vice President
Sri Meela Jayadev
by presenting bouquet





The Federation of Telangana Chambers of Commerce and Industry

(Formerly known as FTAPCCI)

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J.S. Krishna Murthy Hall (A/c)	45 nos. (1st Floor)	1,000/-	3,000/-	5,500/-
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J.S.Krishna Murthy Hall	Rs. 1500/-
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Heartiest **CONGRATULATIONS**



KONDAPALLY BHASKER REDDY
PRESIDENT

The Federation of Telangana Chambers of Commerce and Industry (FTCCI) at its 104th Annual General Meeting held on July 20, 2021, unanimously elected K. Bhasker Reddy as President. He served as Managing Committee Member for the last 15 years, and also chaired various Expert Committees of the Federation. He was Senior Vice President, FTCCI for the year 2020-2021.

K Bhasker Reddy hails from Suryapet District of Telangana State, graduated in Dairy Technology from Osmania University and completed his Executive MBA from Indian School of Business (ISB) Hyderabad. He is the founder and Managing Director of Creamline Dairy Products Limited, Hyderabad.

Creamline Dairy has operation across southern states and 11 processing plant with the capacity of 1 million liters per day. Its milk and dairy products are sold under the popular brand name "JERSEY". Creamline Dairy Products Limited has become a subsidiary company of Godrej Agrovet Limited in 2015.

He has been conferred with the Entrepreneur of the Year 2001 awarded by Hyderabad Management Association, Hyderabad. He is an active member of Indian Dairy Association (IDA) and Chairman of Combined A.P. & Telangana State.



ANIL AGARWAL
SENIOR VICE PRESIDENT

The Federation of Telangana Chambers of Commerce and Industry (FTCCI) at its 104th Annual General Meeting held on July 20, 2021, unanimously elected Anil Agarwal as Senior Vice President. He served as Managing Committee member for a decade and also chaired various expert committees of the Federation. He was Vice President, FTCCI for the year 2020-2021.

Anil Agarwal is a Commerce Graduate from Osmania University. He has joined family business of Iron and Steel in the year 1988. He served as a Director in M/s. Dhanlaxmi Iron Industries Pvt. Ltd. which is into Manufacturing of TMT Bars. Subsequently he became Managing Director of M/s. Jeevaka Industries Pvt. Ltd., which is into Manufacturing of Structural steels with Forward and Backward integration of Steel. He has got rich experience in Steel Making.

He loves travelling and is a sports enthusiast.

Heartiest CONGRATULATIONS



MEELA JAYADEV
VICE PRESIDENT

Sri Meela Jayadev is the youngest son of Late Sri Meela Satyanarayana who was the founder and chairman of the SUDHAKAR group – Sudhakar Pipes and Fittings. He came from a respectable family and he is innovator and entrepreneur with 40 years in the business.

Experienced in all aspects of business formation, operation, finance and management. He is a visionary product developer and also have strong command of business and management principles.

He is Managing Director of M/s. Sudhakar Irrigation Systems Pvt Ltd, and Director of Sudhakar PVC Products Pvt Ltd., and Sudhakar Polymers Pvt Ltd., Sudhakar is the leading and biggest PVC Pipes & fittings manufacturers in South India belong to renowned SUDHAKAR Group. Sudhakar is a home held name in plastic piping systems in Telangana, Andhra Pradesh, Karnataka and Orissa. Sudhakar also manufacturers of Wires & Cables, UPVC Doors & Window profiles.

FTCCI

He is the managing committee member for Federation of Telangana Chamber of commerce and Industry and chaired various expert committees of the same for more than one and half decade. He organized relevant seminars and programs with the concern Ministers and Officers.

Present he is the Chairman for Trade, Commerce and Chamber networking

Through FTCCI, he is the Chairman for Industrial Training Institutes (ITI) located at Dindi and Nalgonda (Boys) for more than decade

AIPMA

He was the President of All India Plastics Manufacturer's Association for the year 2018-19, Past Vice president – South Zone and managing committee member more than decade. He is the first person to represent as president from South India.

During his period he focused his attention to industry demands and concentrated his efforts on raising meaningful verticals such as seminars conferences, job fairs, delegations, membership drive, adding to those organized All Associations meetings, Environment & Image building of Plastic Industry, Government advocacy and mega events of Plastivision India and Plastivision

Arabia.

All the governing council meetings of CIPET, National Council meetings of CII, FICCI, FIEO, ASSOCHAM etc. and other trade bodies meetings were attended and during his tenure the repo with Ministers, Associations and Trade bodies have improved tremendously.

He is the Co -Chairman-Plastivision India 2020 and 2023, this is India's one of the Largest Plastic Exhibition and the Plastivision 2020 was reached more than expectations.

APPMA (TAPMA)

He was elected twice as the President of Andhra Pradesh Plastics Manufacturers Association and he is actively involved in many plastic exhibitions and seminars organized by Telangana and Andhra Pradesh Plastic manufacturers Association and chaired various committees and also Chaired IPLEX – Hyderabad, and it is one of the greatest successful plastic exhibition in Hyderabad and South India.

CIPET

Actively involved in regional advisory committee meetings and attended meetings with Director General and Managers of different centers in promotion and development of plastic industries.

Apart from his role as industrialist he is engaged in the social activities also.

Member of Lions club of Hyderabad North and Region Chairperson for Region -1 District 320 A in the year 2020-2021

Trust board member of Vassavi Hostel,
Trust board member of Vasavi Hospital
Trust board member of Ashtalaxmi Temple.
He is Vice President – Vysya Hostel, Kachiguda
Vice President World Aryavysa Mahasabha
Member Vasavi Sevakendram and many more other social organizations.

He travels to various countries and attended the many more International exhibitions, seminars, programs and industry visits to understand and update the latest technologies in plastics.



Dear Members

*Greetings to you all and wishing everyone
Happy Independence Day!*

It is my pleasure to address you all and I thank each and every member of FTCCI for reposing their faith in me and electing as President to serve this prestigious organization in its 105th year.

As India enters in to 75th year of Independence, it is with pride, we all will cherish and remember the sacrifices of all the freedom fighters and praise the achievements of the Country. Though India has made a long journey of achieving self-sustainability in food grains production, it is yet to become a manufacturing power house for the global market. Time is ripe for the Governments to focus on modernization of manufacturing processes and develop more and more industrial clusters to increase the share of manufacturing in GDP.

The Hon'ble Prime Minister has stated five pillars that will inspire the dreams and duties of independent India viz. freedom struggle, ideas at 75, achievements at 75, actions at 75, more resolves at 75. Let we also resolve to make India a manufacturing hub by collating our achievements to develop ideas and putting them into action.

As we are entering into a major milestone in the independent India, let the Federation also resolve to move ahead with a roadmap to develop FTCCI as a Vibrant, Knowledgeable most sought after Apex Chamber in the state of Telangana there by delivering one stop solution for Trade, Commerce and Industry; and a major stakeholder in Telangana state development strategy.

I am sharing my vision and strategy

with all the members through this platform and seek everyone's support and cooperation in achieving the vision of Federation. The five key elements identified are: Increased services to members and membership development; Building lasting relationship with various State & Central Government Departments, eminent institutions and trade bodies; Delivering high quality programs and knowledge dissemination; Active involvement and increased participation from all - Members, Managing Committee Members and Past Presidents; improving efficiency and productivity of secretariat.

FTCCI, in its continued efforts to update the members on changing policies and rules and regulations has conducted number of webinars in the past one month and to name a few - Ethics Code for Social Media, OTT and Digital Media; Indian Capital Markets: Outlook and Way forward; Insurance Industry, PLI Schemes - Reinforcing Telangana as the 'Manufacturing Hub'; Capital gains under Income Tax etc. To strengthen the bi-lateral trade relations for the benefit of the members, we entered into an MOU with Afghanistan Chambers of Commerce and Investment and I invite members to explore and avail the business opportunities with the country. We, along with Afghan Consulate will provide necessary support to realize your dream of exporting to/ importing from Afghanistan.

Another note worthy meeting was interaction with Shri Shah Nawaz Hussain, Hon'ble Minister for Industries, Bihar. The State is rapidly progressing

As India enters in to 75th year of Independence, it is with pride, we all will cherish and remember the sacrifices of all the freedom fighters and praise the achievements of the Country

and had come out with a forward looking industrial development policy and investors/entrepreneurs are invited to participate in the growth story of State of Bihar.

The Federation will continue to bring to the notice of the members the various opportunities with other countries and other States within India and will support our members in developing the business relations.

To conclude, I once again reiterate that members are the life support of Federation and your active participation and feedback of every service provided will help strengthen the Federation and take us nearer to achieving our vision.

It is our collective responsibility to make the Federation a coveted organization in Telangana State and I look forward for your support and feedback on how to strengthen our role in the development of industry and trade in the State.

K. Bhasker Reddy
President

Govt permits 100% FDI in oil PSUs approved for Disinvestment; to aid BPCL Sale:



According to a press note of the Department for Promotion of Industry and Internal Trade, a new clause has been added to the FDI policy for oil and natural gas sector

The government on Thursday permitted 100 per cent foreign investment under the automatic route in oil and gas PSUs which have received in-principle approval for strategic disinvestment.

The move would facilitate privatisation of India's second biggest oil refiner Bharat Petroleum Corp Ltd (BPCL).

The government is privatising BPCL and selling its entire 52.98 per cent stake in the company.

According to a press note of the Department for Promotion of Industry and Internal Trade (DPIIT), a new clause has been added to the FDI policy for oil and natural gas sector.

"Foreign investment up to 100 per cent under the automatic route is allowed in case an 'in-principle' approval for strategic disinvestment of a PSU has been granted by the government," it said. The decision regarding this was taken by the Union Cabinet last week. Two out of the three companies that have put in an initial expression of interest (EoI) for buying out the government's entire 52.98 per cent stake in BPCL are foreign entities.

The FDI limit in PSU-promoted oil refineries will continue at 49 per cent - a limit that was set in March 2008. As of now, the government is selling the stake in only BPCL. Indian Oil Corporation

(IOC), the nation's largest, is the only other oil refining and marketing company under direct government control.

Hindustan Petroleum Corporation Ltd (HPCL) is now a subsidiary of state-owned Oil and Natural Gas Corporation (ONGC). The government had in March 2008 raised the FDI limit in oil refineries promoted by public sector companies from 26 per cent to 49 per cent.

The firm acquiring the government's 52.98 per cent stake in BPCL will also have to make an open offer to buy an additional 26 per cent stake from other stakeholders at the same price, as per the takeover rules.

Mining-to-oil conglomerate Vedanta and US-based private equity firms Apollo Global and I Squared Capital's arm Think Gas are in the race to buy the government's stake in BPCL.

<https://www.livemint.com/industry/energy>

India's power demand hit all-time high of 200.57 GW on July 7, says Govt



The power consumption had dipped across the country due to lockdowns - both in the first and second wave of the coronavirus disease (Covid-19) pandemic. The economic activity was impacted due to lockdowns, which in turn led to fall in energy demand.

India witnessed its highest ever demand of 200570 MW (or 200.57 GW) for power at on July 7, the Union power ministry said in a release on Tuesday. The figure is based on the system operations highlights for July 2021, put out by the Power System Operation Corporation Ltd (POSOCO), the ministry added.

This number was 17.6 per cent higher than the country's demand for power in July last year, according to power ministry.

The POSOCO report also showed that average energy consumption per day recorded in July this year was 10.6 per cent higher than the figures in July last year.

India has been pushing for use of green energy sources, and in this regard, renewable energy sector saw impressive gains in the month of July, the ministry said.

<https://www.hindustantimes.com>

India can save Rs 8940 Crore a year by shutting old coal plants: Study

India should accelerate decommissioning of 30 gigawatts of inefficient coal-fired capacity, and set aside another 20 gigawatts of plants as reserve, an exercise that will lead to monetary savings as well reduce pollution, the study says. India can potentially save ₹8,940 crore (\$1.2 billion) a year by shutting down some old coal-burning power plants and allowing newer ones to run for longer hours, a study says.

<https://www.livemint.com>

Tesla's India plans dealt a blow after minister rules out tax cut

Tesla is seeking to make inroads into Asia's third-largest economy, where electric vehicles account for less than 1 per cent of annual car sales, compared with about 5 per cent in China

India said it has no plans to cut import duties on electric vehicles, weeks after Tesla Inc. appealed to the government to slash taxes, and its billionaire chief Elon Musk floated the possibility of a local factory once it starts selling wholly-built units from overseas in

the world's second-most populous nation. "No such proposal is under consideration in Ministry of Heavy Industries," junior minister Krishan Pal Gurjar told parliament on Monday, referring to the ministry in charge of making policies for the auto industry. He added that the government is however taking steps to promote the use of electric cars by lowering domestic taxes and adding charging stations. A Tesla factory to produce cars in India is "quite likely" if the electric automaker can first begin sales with imported vehicles, Chief Executive Officer Musk said in a subsequent tweet. Musk has for years showed his eagerness to enter one of the world's most-promising automobile markets, but complained that Indian rules prohibit him from testing the waters first with imports, as high duties make Tesla cars "unaffordable."

<https://energy.economictimes.indiatimes.com>

Haryana to reduce power tariff by 37 paise a unit



The Haryana government announced reducing power tariff by 37 paise per unit for electricity consumers in the state. An announcement in this regard was made by Chief Minister Manohar Lal Khattar.

With this move, electricity consumers will get relief of about Rs 100 crore per month, an official spokesperson said.

He said the power distribution companies have achieved a substantial reduction in the average power purchase cost of about 46 paise per unit during 2020-21 over the previous year due to better planning and scheduling.

This has also been reflected in FSA (fuel surcharge adjustment) calculations done by the state power regulator. Hence to pass this benefit in reduction of cost to the consumers particularly during the Covid time, the state government has decided to waive the 37 paise FSA being charged from the consumers henceforth, informed the spokesperson.

The FSA burden in respect of agriculture consumers is already being borne by

the state government. Over the last few years, the Haryana power distribution companies have turned around and their excellent performance is also reflected in the integrated rating of power discoms done by the Ministry of Power, government of India where Haryana has emerged as the second best-performing state after Gujarat.

<https://economictimes.indiatimes.com>

Discoms to submit proposals for Rs 3.03 lk cr scheme by December 31: Power Minister



The government has extended the deadline to states for enrolling into the Rs 3.03 lakh crore revamped electricity distribution scheme by two additional months to December 31, power minister R K Singh said on Friday. The scheme guidelines issued last week asked state power distribution companies to apply for participating in the scheme by October 31.

The deadline for detailed project reports (DPRs) submission would be December 31 2021 and no submission beyond that deadline would be accepted, Singh said at a review meeting with state power ministers.

The action plans and DPRs need to be formulated by the discoms in consultation with ministry of power REC and Power Finance Corp (PFC). The distribution utilities will indicate specific activities and reforms required to improve their performance as part of the action plans.

Singh said that the target of the scheme is to bring down the Aggregate Technical and Commercial Losses (AT&C Losses) to 12-15% at the All India level and bringing down the gap between Average Cost of Supply (ACS) and Average Revenue Realised (ARR) to zero by 2024-25.

He said the scheme envisages use of Artificial Intelligence and Information Technology for system generated energy accounting to enable energy audit and modernisation of distribution infrastructure for loss reduction and improvement in quality and reliability of power supply.

Under the scheme, 3,875 SCADA systems would be set up in smaller towns and 100 distribution management system would be set up in the bigger towns and cities. Discoms would be able to take up works related to underground cabling, aerial bunch cabling and also install high voltage distribution systems. The scheme also provides for separation of agricultural feeders and separation and solarisation of agricultural feeders.

"The aim is to establish an operationally efficient and financially sustainable power sector which is equipped with modern technologies like Smart Grids, capable of providing state-of-art consumer services and is future ready for integration with Renewable energy sources and facilitate E-Mobility, Time of Day Tariff etc," an official statement said.

<https://economictimes.indiatimes.com>

RBI MPC meet August 2021: Repo rate cut unlikely; inflation, global commodity prices weigh

The RBI Monetary Policy Committee (MPC) will be going into the August policy meeting with inflation exceeding the 6% upper bound. While the need to support growth will dominate the policy backdrop, some concerns are bound to be raised on the visible inflationary pressures in the near to medium term. However, the negative output gap rather than the positive inflation gap will keep the MPC's stance and overall tone unchanged, at least, till it becomes more confident of the growth prospects. In fact, the minutes that will follow a couple of weeks later will be important to watch for any divergence in members' views of growth-inflation dynamics.

India's inflation prospects will be shaped broadly by: (1) easing of supply frictions due to the second wave led lockdowns, (2) global commodity price movements, and (3) the impact of monsoon on food prices. The supply disruptions impact was prominently visible in May, much milder in June, and will ease over the next few months. Risks of higher crude oil prices have reduced after the OPEC+ meeting. Metal prices have seen some stabilization though levels remain much higher over the year. The incipient risk, though, is the weak rainfall seen over most of

July. This is reflected in around 9% lower kharif sowing (compared to the previous year) till July 23. This will be a concern for the MPC given the risks of higher-than-expected food inflation in 3QFY22.

Inflation in 1QFY22 has been 40 bps higher than the estimates that RBI indicated in the June policy. Barring a spike in food inflation, we expect inflation to glide lower to average around 4.7% in 3QFY22 (in line with the RBI's forecast). The present concern, however, will be centered on growth. June and July have seen a turnaround in economic activity from May levels. Indicators such as mobility indices and e-way bill generation rate are back to pre-second wave levels. However, the medium term growth outlook hinges on broadly two factors: (1) pace of vaccination, and (2) any further Covid waves. Neither of these factors provide much comfort for now. Timing of subsequent Covid waves remains uncertain and poses a clear risk to growth outlook in case they were to play out. Vaccination rate which picked up in June remains at around an average of four million doses per day. Till now, around 26% of the population has received the first dose while around 7% is fully vaccinated. For context, if the daily

rate were to average around 6.5 million doses for the rest of the calendar year, 45-50% of the population could be fully vaccinated. Services sector, which forms around 55% of GVA, is unlikely to recover fully unless vaccination rates pick up and contact services are normalized.

In an inflation targeting framework, a Taylor rule type approach would consider the balance between the inflation gap (from the target) and output gap. With projected growth of around 9-9.5% in FY2022, the size of the economy barely crosses the FY2020 levels at the end of FY2022. The output gap will close gradually and given the uncertainty of growth, the inflation gap is unlikely to be the dominant worry for the RBI immediately. The RBI will view the recent trend in inflation as transitory as it waits for some of the exogenous factors such as global commodity prices, supply disruptions, etc. to ease. The RBI will maintain the liquidity outlook in line with its policy stance. However, risks of higher inflation will be adequately highlighted. The August policy will be status quo with the minutes possibly highlighting some divergence of views and outlook.

<https://www.financialexpress.com>

Ensure labour laws don't belabour jobs



That fresh payroll additions, as seen from EPFO subscriptions, plunged to 5.73 lakh in May, the worst in about a year, is disappointing. They suggest the second wave of the pandemic may

have done the job market some severe damage. The additions to the payroll have trended down, from 8.83 lakh in January to 8.07 lakh in February and to 7.16 lakh in March. Even if this data

is prone to inconsistencies, it is a fact that hiring trends at the country's large listed companies have not been too encouraging.

Employee costs at the BSE 500 companies in FY21 were up just 4.6%, to `2.3 lakh crore—a much smaller quantum than the 9% growth reported in FY20, according to a study by Jefferies. Fresh recruitments, it would appear, have been limited except in sectors such as IT, banks and healthcare; hiring at TCS for instance jumped 9%, while, for Wipro, it was up 7%. To be sure, several large sectors such as hospitality,

aviation, media & entertainment, and retail had declines for obvious reasons, but then these segments account for about 1% of the employee-cost base.

While the services sector will, by and large, continue to provide employment opportunities—for both white- and blue-collar workers—hiring in the manufacturing sector is slowing sharply. One analysis by Centre for Economic Data and Analysis (CEDA)—based on the CMIE monthly time-series—showed employment in manufacturing in FY21 was nearly half of what it was five years ago. To be sure, automation is playing some part in the reduction of workforce across factories, but, at the same time, managements are reluctant to add to the headcount, beyond the bare minimum, as it drives up costs. In this context, it is important that the government ensures that the costs for manufacturing units don't go up unreasonably following the imposition of minimum wages for workers.

The new committee to determine the floor, which met for the first time last month, needs to bear in mind that a very high level would only deter companies from adding to their workforce. The objective is to extend the protection of minimum wages to all workers, and especially target the more vulnerable workers at the bottom of the rung; currently, about 40% of the country's workforce, essentially those working in sectors such as mining, is eligible for minimum wages. Even as it works to frame the rules for the amended labour laws, the government must be mindful of balancing the interests of workers with the objective of encouraging job creation. For instance, demands that the changed definition of wages—which caps allowances at 50%—be reviewed, should be considered.

The new labour codes have ushered in some good norms, especially where health and safety of workers is concerned, as also social security for gig industry workers. Again, the threshold for an establishment to be able to retrench or lay off workers without government permission has been raised from 100 to 300 workers. Given labour is a concurrent subject,

state governments are empowered to further ease the laws and some like Rajasthan have taken the lead. The point is no law should be too onerous on industrial establishments; for instance, they must have the flexibility to hire either on a contractual or fixed term basis as long as the working conditions are good. Pressuring businesses to comply with too many conditions will only make them more reluctant to hire.

<https://www.financialexpress.com>

New Factoring Regulation Bill to help MSMEs

The Parliament on July 29th, passed the Factoring Regulation (Amendment) Bill-2021 to bring changes in the legislation aimed at helping the MSME sector. The Bill, that will help the micro, small and medium enterprises (MSME) sector in the availability of working capital, was passed in the Rajya Sabha on Thursday. It was passed by the Lok Sabha on July 26. Piloted by Union Finance Minister Nirmala Sitharaman.

The Bill will provide relief to the MSME sector and help them in ensuring a smoother capital cycle and healthier cash flow, the finance minister said. "It is

a very important Bill which will benefit the MSMEs of this country because a difficulty is constantly expressed by the MSMEs that their receivables are getting delayed." "As a result, there is a provision of selling their receivables to a third party. If the third party is going to make an immediate availability of funds, they shall be able to move their business smoothly. There are several such advantages in factoring from payment of the seller," Sitharaman said.

It ensures a smoother working capital cycle for the seller and healthier cash flow for MSME, she added. The Bill has incorporated many suggestions from the UK Sinha Committee. After that, the Bill was brought in September 2020 and then referred to a standing committee of the House. "After a detailed examination, the standing committee came up with a report on February 3 containing one legislative suggestion and eight non-legislative suggestions. All of those have been accepted by the government and this amendment bill, therefore, is with all those recommendations," Sitharaman added.

<https://www.thehansindia.com/business/new-factoring-regulation-bill-to-help-msmes-698758>

Microsoft-Telangana govt in talks to set up Rs 15,000 cr data centre

Microsoft is in the final leg of talks with the Telangana government to set up a data centre in the state with an overall investment of Rs 15,000 crore.

The US tech giant has zeroed in on a patch of land near Hyderabad for building the facility. Microsoft's plan to set up the data centre comes close on the heels of Brookfield Infrastructure planning to establish a joint venture to develop such facilities in India under the brand name BAM Digital Realty.

Brookfield Infrastructure is a subsidiary of Canada's Brookfield, and NYSE-listed Digital Realty, the global provider of data centres.

"In the information technology (IT) space, Telangana is already seeing some major investments. Microsoft is establishing its data centre here, and it may come out with a public announcement soon," a source told Business Standard. Meanwhile, a spokesperson for Microsoft did not comment on the development. In 2019, Microsoft and Reliance Jio had inked a deal for a long-term alliance for establishing cloud data centres in India. Microsoft, as part of the deal, was to bring in its cloud computing service Azure Cloud on Jio's network, targeting small businesses looking to move to cloud technology infrastructure.

Besides Microsoft, other international players of the likes of Google and Amazon Web Services are strengthening their presence in the data centre segment in the country.

<https://www.businesstoday.in>



REPRESENTATIONS

Smt. Nirmala Sitaraman,

Hon'ble Minister for Finance and
Corporate Affairs, Government of India, New Delhi

Sub: Request for reconsideration of restrictions on
opening of Current Accounts

While we appreciate the Reserve Bank of India for bolstering the industry, business and trade through announcement of various relief measures periodically which has rescued the stake holders during the COVID times in particular.

We have received many representations from various sections of our members on the recent restrictions imposed for opening of current accounts. As per the directions, an entity which is enjoying working capital facilities with a bank, is not permitted to open a current account with any other bank and directed to close the current accounts, if any, with other banks. By taking plea under this direction, the banks are blatantly refusing to open the current accounts and also closing the existing accounts. While we appreciate the true spirit behind the measure that the accounts can be monitored closely without diversion of funds, but it is not without short comings like;

1. Banks are still facing the technology issues resulting in failure of financial transactions on many instances.
2. On many occasions, particularly when the statutory payments are due, the failure of transactions is resulting in heavy penalties by statutory authorities to the entities.
3. Few banks went a step ahead and refusing to credit the export proceeds (foreign currency) to their Exchange Earners Foreign Currency account stating that it is a current account. It is the facility provided by RBI to exporters and beneficiaries of inward remittances to retain the foreign currency for meeting either import needs or for future needs without facing exchange risk. If the EEFC accounts are closed, the customers will incur huge loss due to foreign exchange rate fluctuations.
4. One of the important parameters for evaluation of the performance of the banks is CASA, out of which the current account balances are the income yielding deposits contributing to the profitability of the banks. If opening of healthy current accounts is encouraged, the profitability of banks will go up which is the need of the hour. With the strict implementation of the new direction, it is evident that garnering current account deposits will become challenging for banks.

5. Many of the industrial houses, businesses and trading entities have increased their presence in many states. For facilitation of business, close monitoring of receivables and for easy reconciliation, these entities have opened current accounts with different banks in different states. The credits whatsoever received in those accounts will be transferred to overdraft/cash credit accounts periodically. Now, these entities are facing the problem because of the pressure from the banks to close these accounts.

As you would agree, majority of the borrowing entities maintain their accounts with financial discipline may choose to have multiple accounts to facilitate ease of transactions across entities and geographies. It is also observed that only in very few cases, the diversion of funds is noticed and 99.9% of the borrowing entities are genuine. Hence, we request you to revisit the direction and permit the opening of current accounts and also prevent closure of current accounts by according the flexibility for some permissible reasons cited above.

Mr. Narayan Tatu Rane,

Hon'ble Minister for Micro, Small and Medium
Enterprises, Government of India,
NEWDELHI

Sub: Request for considering suggestions for MSMEs in the
light of II wave of COVID 19.

At the outset, I, on behalf of all our industry members, would like to thank Honourable Finance Minister for announcing various relief measures and packages to MSME sector.

I wish to inform that we have been receiving representations from our members requesting for bringing the following issues to your kind notice and requesting for early resolution.

1. The definition of Micro, Small and Medium Enterprises is revised in terms of investment in plant and machinery/equipment and turnover. The ratio of micro manufacturing will decline because fixed costs are high for micro manufacturing industries. As a result, due to increasing investment in fixed assets, the micro units may fall under small category even though they fulfil the criteria turnover wise for Micro Enterprises. This will deprive them from availing Bank finance with

low rate of interest, collateral free loans and also under credit guarantee schemes applicable for Micro units. We request that the investment ceiling for Micro manufacturing may be enhanced by retaining the same definition for turnover.

2. Prior to enactment of MSMED Act and inclusion of services in MSME sector, small scale industries under manufacturing were exclusively treated as priority sector with a separate target. With the inclusion of services, Banks are distancing from manufacturing sector and are giving preference to services while financing. This fact can be evidenced in the GDP contribution. The GDP contribution from services sector is as high as 36% whereas the GDP contribution from manufacturing stands only at 15%. Hence, we request that banks may be mandated to lend to manufacturing sector duly fixing the separate targets.
3. Subordinated debt which was announced under the financial package for MSMEs did not pick up. The unutilized funds may be utilized for co-lending with NBFCs to be activated. Telangana Government successfully restructured about 100 accounts through Telangana Industrial health Clinic Ltd, an NBFC promoted by Telangana Government. It is a proven model and we request that the Government of India may set up such clinics across the country and direct the banks to work with such clinics for addressing the stress in MSMEs.
4. Banks are risk averse towards micro and small enterprises. Under Atma Nirbhar Bharat, the MSME credit off take was only 23%. The NPA percentage stands at 8%. Out of the standard assets, the choice is left with bankers, who prefer to extend collateral backed/guarantee backed loans. The total finance from Banks to the MSE units backed by credit guarantee loans is hardly Rs.22000 crores only. SMA 0 and SMA1 constitute less than 12-15% of total MSMEs. We request you to please encourage lending of banks with credit guarantee schemes.
5. The government had been looking to offer a pre-packaged resolution framework for stressed companies under the IBC. A pre-packaged resolution essentially translates to a company preparing a restructuring plan with its creditors before initiating insolvency proceedings. This helps to cut down the time and costs in the overall process. Regarding enforcement of securities, particularly residential houses of promoters, directions may be given to Banks and financial institutions not to enforce the security for sale.
6. Banks have been insisting on personal guarantee of promoters who are availing Emergency Credit Line under Guarantee scheme. Even though the guidelines do not stipulate the same, the banks have been insisting for personal guarantee of promoters. We request you to direct the banks not to insist personal guarantee for the ECLGS.



We are very happy to inform that FTCCI has created a helpdesk for the benefit of all our members to support them with necessary guidance in the following areas.



- ▶ Direct Taxes
- ▶ Indirect Taxes
- ▶ Human Relations, IR, (HR Compliances)
- ▶ Banking
- ▶ Insurance
- ▶ MSMEs
- ▶ Energy
- ▶ International Trade.
- ▶ Company Law; IBC; CSR
- ▶ Legal

The main purpose of the helpdesk is to provide guidance to the members in getting the necessary help to resolve the problems.

All the members are requested to make use of this help desk facility

Forward your queries to helpdesk@ftcci.in

Webinar on Ethics Code for Social Media, OTT and Digital Media



8th July, 2021

Mr. Ramakanth Inani, President, FTCCI said that the proposed framework is progressive, liberal and contemporaneous, however it needs to address people's varied concerns while removing any misapprehension about curbing creativity and freedom of speech and expression. The Digital India program has empowered common Indians with the power of technology. The extensive spread of mobile phones, Internet etc. has also enabled many social media platforms to expand their footprints in India. Common people are also using these platforms in a very significant way.

Addressing the members of FTCCI, on The Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules 2021, Mr. Anuj Agarwal, Chairman, Centre for Research on Cyber Crime and Cyber Law, New Delhi informed that the Rules have been framed amidst growing concerns around lack of transparency, accountability and rights of users related to digital media and after elaborate consultation with the public and stakeholders.

He elaborated on various aspects of Cyber law, cyber security and how to stay safe and secure in the present digital era.

Mr. GVS Jagannadha Rao, Advocate briefed on Scope and application of Rules, Ethics to be followed by Social Media, OTT and Digital Media and Self-Regulating Mechanism envisaged under the Rules. These Rules will no doubt have significant implications for social media platforms, OTT platforms, messaging applications and all other online content and news aggregators in India. He authored Ethics Code for Social Media, OTT and Digital Media, a Commentary on Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021.

Mr. K. Bhasker Reddy, Senior Vice President, Mr. K. Mohan Raidu, Chair, IT & IT Enabled Services, Communications & Electronics Committee, Ms. M.S. Manoranjani, Chair, Legal Affairs and ADR Committee and Ms. Khyati Naravane, CEO of FTCCI also participated and addressed the webinar.

WE WELCOME YOUR PARTICIPATION

FTCCI Review attempts to keep abreast its members with latest information on various developments taking place around the globe. If you have any news/information on the issues related to Government policies, programs and latest developments that you may like to share with the FTCCI members.

Please write to info@ftcci.in

Webinar on Indian Capital Markets : Outlook and Way Forward



9th July, 2021

Sri Ramakanth Inani, President, FTCCI said India is one of the fastest growing wealth management markets in the world and is expected to be fourth largest private wealth market globally by 2028. In spite of Covid-19 effect India will achieve the \$5 trillion target by infrastructure creation, which would have the much needed multiplier effect. The US \$3 trillion market capitalization of Indian companies shows the scale of its institutionalization with a larger number of direct investors and through intermediaries, mutual funds, insurance and even provident funds entering it.

Sri KK Maheshwari, Chair, Capital Markets & Investor Protection Committee, FTCCI said Financial planning is required to be done by each one of us to meet our life goals and aspirations such as planning for education; marriage; purchase of house property; retirement etc., To facilitate this, following factors need to be kept in mind :-

1. Determining current financial situation. 2. Deciding on

the financial goals. 3. Identifying alternative courses. 4. Evaluating alternatives. 5. Creating and implementing a financial action plan, and. 6. Reevaluating and revising the plan.

Ms. Sapna Punjabi, Regional Investment Advisor, HDFC Securities Ltd said that with various investment opportunities available in the market; it is essential to pick the right one that helps in wealth creation. Moreover, wealth creation aligned with life goals or financial goals will help investors stay motivated. He elaborated on how to build a Portfolio, Asset Classes and Asset Allocation, Power of Compounding, Insurance & Basic Tax Planning.

Sri P R Sundar, Stock Market Expert, Mansun Consultancy Pvt. Ltd said that the timely execution of Covid-19 vaccination drive, reasonable rebound in economic indicators to pre-covid levels, unprecedented measures taken by the Govt. to restore corona virus-affected economy, improved corporate earnings will lead the markets scale new highs

Dual System of Training to the student of an ITI

We have received a request from M/s. Sadhu Mahendarreddy, Principal & Correspondent, Sadhu Venkatreddy Private ITI, Yellareddypeta, Rajanna Siricilla for an internship to their Students as electricians. As per their terminology, instead of 'internship', they will call Dual System of Training. This training is part and parcel of their academic year.

During the training period, the organization has to provide accommodation and food for them in place of a stipend.

Members willing to provide training to the students are requested to contact the Principal - Ph: 9848184026

Webinar on Insurance industry: Changing Dynamics in Risk Management and Value Proposition in Covid



19 - 29th July, 2021

Mr. K. Bhasker Reddy, President, FTCCI said that the Insurance is an essential and staple commodity during this pandemic. With improved regulations and technical advancement, the insurance products are a click away for the needy. A competitive market and regulatory initiatives focused on high-quality products that meet the needs of the customer have laid the foundation for future growth. As the digital economy is flourishing, insurance industry is also progressing with its technological advancements and growing its presence in multi-channel platforms.

Mr. Prem Chand Kankaria, Chair, Banking, Finance and Insurance Committee, FTCCI mentioned that the pandemic has created havoc in terms of lives and businesses erasing the smile on the face of human race. During these critical times, apart from the governments, medical staff, vaccination, pharma sector, there is an unsung hero, i.e., insurance.

Smt. D. Nagalakshmi, General Manager, United India Insurance Company Ltd., stated that there are 200 insurance products available in the market for the insurance seekers, out of which 25% are meant for MSMEs. IRDAI has mandated three policies for homes. Two schemes viz. Sukshma Udyam Suraksha and Laghu Udayam Suraksha policy are available for micro and small enterprises respectively. She informed that there are other policies like Loss of Profit Policy, Standard Perils Policy, Officers and Directors Policy, Product Liability Policy and various other schemes are available for MSMEs.

Mr. D.V.S Ramesh, General Manager (Health Insurance), Insurance Regulatory Development Authority of India explained in detail about the indemnity based insurance and benefit based insurance concepts clearly. He also

enlightened the members of CORONA KAWACH and CARONA RAKSHAK policies. He also informed that there is a discount of 5% available for health care workers on these policies.

The Chief Guest, Mr. K. Ganesh, Member (Life), Insurance Regulatory Development Authority of India stated that IRDAI is closely monitoring all insurers with regard to issuance of policies, settlement of claims and redemptions. He advised that under no circumstances, policies are surrendered. Instead, he suggested the need to avail loans against policies. He also informed that IRDAI is advising all insurers to make the settlement process simple and through online.

The meeting is attended by Mr. Anil Agarwal, Senior Vice President and Mr. Omprakash Asawa, Member, Banking, Finance & Insurance Committee and many members and made the webinar a great success.

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Seminar on Promotion of Business between Afghanistan and Telangana State



29th July 2021

Mr. K. Bhasker Reddy, President, FTCCI, said that Peace and Stability through Trade and global cooperation and integration through expanded trade ties will contribute to global stability and peace. He mentioned that that Indian market, especially Telangana, has been growing consistently, and there are opportunities to expand trade and investment in the pharma, agro and food processing, information technology, tourism, logistics, energy and manufacturing sectors. He invited the Afghanistan government and companies to pro-actively partner in development projects and programs.

Mr. Rajendra Agarwal, Chair, International Trade Committee, FTCCI mentioned that the opening of Consulate Office in Hyderabad and closer cooperation between the two Chambers by way of signing of Memorandum of Understanding between FTCCI and the Afghanistan Chamber of Commerce and Investment (ACCI) will surely help in enhancing the trade between the two countries more particularly with the State of Telangana. He requested the Consulate Office and ACCI to regularly send trade enquiries and exhibitions happening at Afghanistan, for circulation to the members of FTCCI.

Mr. Shafiqullah Atayee, CEO, Afghanistan Chamber of Commerce & Investment (ACCI) briefed on the services and activities of



the Chamber and also on the opportunities available in Afghanistan, for exploring business opportunities.

H.E. Mr. Muhammad Suleman Kakar, Consul General of Islamic Republic of Afghanistan said the main purpose of signing this MoU, for both the Chambers, is to act together for promotion of trade between Telangana and Afghanistan. Afghanistan is a great nation with natural resources and we look forward for even more trade relations with India especially with the State of Telangana in all the sectors including IT, infrastructure, mining, communication, education, energy, transport, agriculture, pharmacy and healthcare.

Mr. Jayesh Ranjan, IAS., Principal Secretary, Industries & Commerce, IT, Electronics and Communications, Govt. of Telangana congratulated FTCCI & ACCI for entering in to an agreement of cooperation and said this partnership will play key role in building trade and investment in both places. He suggested following three frame work areas to be acted by



FTCCI & ACCI in coordination with consulate -

1. Identifying products imported by Afghanistan and how we can offer them good quality products. 2. Collaborate with Afghanistan business community in establishing manufacturing units that will help in generating employment locally. 3. Increase market access for Afghan products in Telangana for the benefit of Afghan business community. Government will be happy to facilitate any aspect of this partnership. During the Seminar, a Memorandum of Understanding was signed between Afghanistan Chamber of Commerce & Investment & The Federation

of Telangana Chambers of Commerce and Industry. The MoU was signed by Mr. K. Bhasker Reddy, President, FTCCI and Mr. Shafiqullah Atayee, CEO, Afghanistan Chamber of Commerce & Investment (ACCI) in the presence of H.E. Mr. Muhammad Suleman Kakar, Consul General of Islamic Republic of Afghanistan and Mr. Jayesh Ranjan IAS., PI Secretary, I&C, IT, Electronics and Communications, Govt. of Telangana.

Mr. Anil Agarwal, Senior Vice President, FTCCI proposed a vote of thanks.

Webinar on Production Linked Incentives (PLI) Schemes- Reinforcing Telangana as the 'Manufacturing Hub'

5th August, 2021

Mr. K. Bhasker Reddy, President, FTCCI said that the Production-Linked Incentive (PLI) became fundamental stepping-stones to shaping India as an efficient, equitable and resilient manufacturing hub. An outlay of Rs 1.97 lakh crore for the PLI Schemes for 13 key sectors was announced, to create national manufacturing champions and generate employment opportunities for the country's youth. The Government hopes the PLI scheme will attract significant global and local investments, especially in pharmaceuticals, food processing, steel, textiles, and electronics.

Mr. Srinivas Garimella Chair, Industrial Development Committee said that for a self reliant India one needs generic policies that will enhance the overall competitiveness of our industry globally, with this PLI scheme the competitiveness can be achieved at a larger extent. He also mentioned that the government can have a rethink on the extension of the tenure and the amount of

incentives offered in this scheme.

Mr. CA Vineet Suman Darda Co-founder and Managing Partner, Darda Advisors LLP has given a brief introduction about the youngest state of India i.e Telangana's Favorable Business environment which has great infrastructure support, access to skilled workforce, tax and fiscal regime and supportive policy environment. He explained the need of PLI scheme in India, the current status, eligibility criteria and other aspects of the schemes. The PLI Schemes for White goods, ACC batteries, Automobiles and Auto Components and Textiles sectors are explained in detail. He answered all the queries raised by participants.





Interactive Meeting on Business and Investment Opportunities in the State of Bihar

Chief Guest : Shri. Shahnawaz Hussain, Hon'ble Minister of Industries, Government of Bihar

5th August 2021

The Federation of Telangana Chambers of Commerce and Industry has organised an Interactive Meeting with Shri. Shahnawaz Hussain, Hon'ble Minister of Industries, Government of Bihar with the stakeholders of Telangana State on Business and Investment Opportunities in State of Bihar on 5th August 2021 at Federation House.

Mr. K. Bhasker Reddy, President, FTCCI in his welcome speech informed that Bihar is the fourth largest producer of vegetables and the eighth largest producer of fruits in India. Bihar has high agricultural production making it one of the strongest sectors of the State. Food processing, dairy, sugar, manufacturing, and healthcare are some of the fast-growing industries in the State. The State has a large base of cost-effective industrial labour, making it an ideal destination for a wide range of industries.

He has also explained the similarities between Telangana and Bihar in industrial development strategy - both the States identifying same sectors as thrust sectors for rapid industrial progress such as food processing,



Textiles, Pharma, Information Technology etc. This gives an opportunity for greater collaboration and exchange of best practices for industrialization. He requested the Hon'ble Minister for thrust on empowering rural youth, so that MSME sector will improve in the rural markets, thereby creating employment and restrict the migration to urban places. He also suggested to create a land bank to develop Industrial Parks in all Districts with an incubation and technology transfer centres for rapid industrial progress in rural areas.

Mr. Ashish Kulshrestha, EY Consultant has given a presentation on Bihar Textile Policy 2021 & Industrial Investment Policy. FTCCI showed promising response to the draft policy applauding the progressive approach of the Government and said that further suggestions if any shall be forwarded to the government.

The meeting ended with Question and Answers session. Mr. Anil Agarwal, Sr. Vice President and Ms. Khyati Naravane, CEO, FTCCI also participated in the meeting.

Webinar on Covid-19: Vaccination & The Next Drive



6th August, 2021

Mr K. Bhasker Reddy, President, FTCCI during his welcome Address said that the second wave is quite intense and impacting businesses across all the sectors and reduced the productivity. Need of the hour is to create awareness on full vaccination of everybody. He informed that the Covid-19 vaccination camp organized with the support of FICCI at Federation House recently got an overwhelming response.

Mr. Shekar Agarwal, Past President, FTCCI & Managing Director, Bhagyanagar Polymers Pvt. Ltd mentioned that FICCI along with ASCI & FTCCI had prepared two Reports on "Covid Recommendations" in a phased manner which was submitted to the State Government as well as Central Government.

Dr. Nirmal Bagchi, Director General (I/C) ACSI informed that some of the recommendations given in reports are implemented at state level. He said that there is a lot of misinformation campaign initially which increased vaccine hesitancy and need to counter with scientific knowledge and improve the vaccination drive.

Dr Subodh Kandamuthan, PhD (Health Economics), Professor and Director, Centre for Health Care Management, ASCI during his presentation expressed that during the Covid second wave, there is no uniformity in the positive rate and required a different strategy to deal with policy interventions. There is a huge progress in vaccination and still a long way to go in completing the vaccination process for all.

Dr Hari Menon, Senior Consultant & Director – Haemato Oncology, Director –

Bone Marrow Transplant Programme, Cytocare during his address said that surgical and electrical treatment among cancer patients with covid can lead to mortality and needs to be careful in treating these patients. He stressed that vaccination is important and need to identify patients and educate the people to maintain Covid appropriate behaviour.

Dr Raches Ella, MBBS, MS, Head – Business Development & Advocacy, Bharat Biotech International Ltd during his address suggested that vaccination is the best way of protection from Corona. Those fully vaccinated are less prone to severe disease and reduce hospitalization. Tweaking the vaccines may enhance the immunity and develop antibody and more effective and efficient.

Dr T Gangadhar, Member of Telangana Covid Task Force & Head of Nephrology, NIMS while delivering the Special Address mentioned that Testing centres are developed on hub and spoke model to quickly enhance the testing and help in containing the spread of covid. Testing centre were also decentralized.

Dr Vinay K Nandicoori, Director, Centre for Cellular & Molecular Biology during his Keynote Address has quoted that Delta and Gama variants are potential to escape diagnostic and evident its presence during the second wave. He emphasised that emergence of mutation lead to new variants some are less significant and some are cause of concern.

Dr Saswat Kishore Mishra, Assistant Professor, Centre for Healthcare Management, ASCI moderated the Session and delivered the Concluding Remarks. Recapitulating the views aired by the speakers, he reiterated that in addition to strengthening the basics (Detection, Containment, and Treatment), scaling up the vaccination drive and behaving as a disciplined society are a must to see us through the next wave.

Webinar on Taxation of Real Estate Transactions and How to Plan Capital Gains



7th August, 2021

Sri Bhasker Reddy, President, FTCCI in his welcome address said that the rapid pace of urbanization and expansion of corporate operations have augmented the need for state-of-the-art residential and commercial projects and diversification into avenues like warehousing, co-working spaces and student housing.

Capital Gain is one of the heads of income where maximum tax planning can be done especially for such real estate transactions, in order to minimize the gain to the maximum possible extent. But it is also one of areas of income tax where interpretations relating to sections differ a lot and thus support of judicial pronouncements and decisions should be taken.

CA. Hari Govind Prasad, Chair- Direct Taxes Committee- FTCCI in his introductory remarks said that any profit or gain that arises from the sale of a 'Capital Asset' is a capital gain. This gain or profit comes under the category 'income', and hence they will need to pay tax which can be short-term or long-term. He further said that the compensation received by farmers from acquisition of agricultural land is subjected to capital gains tax which needs to be exempted.

CA Ramdev Bhutada, Co-Chair, Direct Taxes, FTCCI introduced the Chief Guest Sri Y.V.S.T Sai, IRS, CIT, (DR), ITAT-II, Hyderabad and the speaker Dr. CA Abhishek Murali, Partner- Victor Grace & Co, Chartered Accounts, Chennai and Secretary, SIRC-ICAI.

Sri Y.V.S.T. Sai, IRS, Commissioner of Income Tax said that "Honoring the Honest" is the Government approach and the Direct Tax Revenue has increased voluntarily

meager 365 crores to more than 12 lakh crores. He talked about issues in respect of guideline value variation issues but can be approached to the income tax valuation officer and also represent to the state registering authority.

The registration charges and the stamp duty of a property are typically based upon Property Guideline Value. The Property Guideline Values are periodically revised to have them in sync with the Market Value.

The impact of difference between guideline value and the market value of the properties have two kinds of effects - One is the encouragement of transferring cash component in the deal which is considered as a source of black money generation in the real estate industry and the second is loss of revenue to the State government.

Dr. CA. Abhishek Murali, in his presentation explained the various types of joint development agreements such as - Outright sale of land; Grant of development rights with revenue sharing agreement; Grant of development rights with sharing of profits; Grant of development rights with sharing of area / flats etc.

The detailed presentation can be viewed at (<https://www.ftcci.in/source/downloads/trtag.pdf>)

Cross section of more than 200 participants participated in the webinar. Throughout the session Commissioner of Income Tax participated.

Dear Members,

As you are all aware that Covid cases are increasing day by day, we request you to implement the Covid protocols strictly.

Request everyone to wear mask and follow the Covid protocols strictly.

Dear Members,

FTCCI urges you to STOP THE SPREAD OF COVID-19 by getting yourself vaccinated immediately. Vaccination drive is open for citizens of age 18 years and above.

Register - www.cowin.gov.in



FOUR POLICY ISSUES TO CONSIDER FOR ELECTRIC VEHICLES IN INDIA

**Shashidhar K.J.*

It seems that Electric Vehicles (EV) as an idea seems to have finally come to India. There are many positive green signals coming from the government and industry as the numbers of EVs on the road in India have started to increase. Karnataka will be home to Tesla's factory in India, following announcements by Chief Minister BS Yediyurappa and Union Minister for Road Transport and Highways Nitin Gadkari. Investment sentiment has picked up for the sector with renewed interest by venture capitalists with over US \$300 million reportedly invested in companies that deal with EVs and better battery technology this year.

The numbers of EVs on the road have also been steadily increasing, and in 2019-20, the number of EVs on the road stood at 155,400 growing at around 20 percent year-on-year. Government policies like the Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India (FAME) which provide subsidies for EV production and charging infrastructure are a welcome fillip. Phase II of the scheme has an outlay of INR 10,000 crore ending this year for creating more demand for EVs. The 2019-20 budget announcements for tax subsidies for loans on EVs is again aimed at proliferating new forms of automobiles. Broadly, there is a renewed interest by the public in owning an EV considering high fuel prices in the country, which in turn makes most goods more expensive and contributing to an overall inflation in the country. A recent survey showed that 66 percent of the respondents were willing to go electric and 53 percent of them were strongly willing to purchase an EV.

With these broad signals to the sector, there are, however, some policy issues for decision-makers in government, industry, and academia to consider.

- The need to conquer the two-wheeler and three-wheeler market first
- Invest in research for battery technology and materials sciences
- Electric dreams for electric cities
- All the data headaches



The need to conquer the two-wheeler and three-wheeler market first

Though the FAME-II scheme also aims to bring 7000 electric buses on the road, the fact remains that battery technology has still not advanced enough to handle the loads of passengers on buses. In the United States and the West, companies like Tesla have been leading the charge for EV adoption with their cars. Electric four-wheel (e4Ws) vehicles still have many hurdles to overcome in India because of how the products are designed. Like buses, range tends to decrease with more passengers and weight. Charging times for e4Ws will be prohibitive with more battery packs added. The limited range on these vehicles will make it difficult for them to find use beyond city boundaries.

But for India, with a large population comfortable with using two-wheelers for daily commuting, it makes logical sense to focus on electric two-wheelers (e2Ws) for production. Three-wheelers are an essential part of public transport in India with autorickshaws but they also contribute to significant carbon emissions in cities. A study by The Energy and Resources Institute (TERI) showed that IC engines autorickshaws emitted 1223.89 tonnes of carbon dioxide a day and emitted 3.96 tonnes of nitrogen oxide a day in Bangalore. Further, the fuel efficiency of these autorickshaws are low and 2-stroke engines had an average fuel efficiency of 16.44 kilometres per litre and 4-stroke engines had an average fuel efficiency of 18.44 kilometres per litre. Indeed, Karnataka has the most

A study by The Energy and Resources Institute (TERI) showed that IC engines autorickshaws emitted 1223.89 tonnes of carbon dioxide a day and emitted 3.96 tonnes of nitrogen oxide a day in Bangalore.

progressive policy in India when it comes to adoption of EVs and aims for 100 percent move for electric three-wheelers (e3Ws) by 2030. Most e2Ws and e3Ws have a range of around 80–100 kilometres per charge and the economics of EVs might fit in well here.

Therefore, it comes as no surprise that many of the companies who have applied for the FAME-II scheme are e2Ws and e3Ws. Marquee two-wheeler manufacturers in India like Bajaj, TVS, Hero have released their e2W products in the market and now are competing with newer companies like Ather, ReVolt, Okinawa, and Ampere who have a head start against the incumbents. For incumbent manufacturers, these new products might also see success in Southeast Asian countries which also has a thriving two-wheeler and three-wheeler culture and contribute significantly to the nation's exports.

Invest in research for battery technology and materials sciences

All commercial EVs run on lithium-based batteries and India imports all its lithium needs. Though a reserve of 14,000 tonnes of lithium has been found in Mandya, Karnataka, it will not be enough to keep up with the future demand. Further exploration for lithium reserves in the country will be expensive, not to mention hazardous to humans as lithium is a rare earth metal found with other radioactive elements beryllium, niobium, and tantalum. Australia, Chile, and China are the leading producers of lithium in the world.

China is the leading producer of rare earth elements,



and they are crucial for manufacturing semiconductors and other components of EVs. It is, therefore, important from a strategic perspective to stop depending on China for these elements. Australia now has trade pacts with India and the United States to counter dependence on Beijing for critical rare elements.

Lithium extraction is very intensive and harmful to the environment. There is a lot of documentation across the world on the discharges from lithium extraction which seep into water sources and damage natural ecology. Towards more sustainability, India also needs to step up battery recycling capabilities. Though the Indian government has updated its e-waste management policies in 2018, the rules do not cover lithium batteries and its recycling guidelines only apply to lead-acid batteries. The enforcement of these rules is difficult due to poor e-waste generation rates and most reclamation takes place informally. There is US \$1 billion opportunity for the private sector to chip in for reclaiming lithium batteries.

It will be prudent for India to invest in research into alternative battery technologies using different metals. Aluminium, sodium, and zinc based batteries have emerged as viable alternatives to lithium ones. Though aluminium batteries may be more advantageous from an Indian perspective. India is the fourth largest producer of aluminium and production has been steadily increasing. Aluminium is also cheaper than lithium as a metal and cut costs of EVs. Aluminium batteries have shown that they have more energy density than lithium batteries which translates to longer range for EVs. This is primarily due to aluminium's valency of +3 compared to lithium's +1 and ion exchange is more efficient. There are mainly two types of batteries with this metal—aluminium ion (which are rechargeable) and aluminium air (which are non-rechargeable). Both have challenges with shelf life and more research in materials sciences



are needed for better designs. Industry, academia, and government must come forward with an extensive policy to promote alternative batteries for sustainable EVs.

Electric dreams for electric cities

City planners, municipal bodies, local administrative bodies, electricity companies, government, and automotive companies need to build a comprehensive policy document to meet future charging demands EVs. The number of public charging stations in India is very low, with only a few hundreds. Despite the fact that the FAME-II policy gives importance to encourage charging stations, the government and automakers must give serious consideration to invest in battery swapping technology. Charging times for EVs take several hours for a full charge. However, primary, non-rechargeable batteries like aluminium-air batteries offer much higher ranges and capacity, giving them a distinct advantage.

From a user perspective, battery swapping stations can function like fuel stations and change batteries when charge is low and offer greater flexibility for EVs in general. However, there are several practical challenges associated with setting up this system. Batteries must be standardized and

made interoperable with all EVs for easy removal and reattachment of battery packs. This will constrain manufacturers when it comes to design and innovations. At swapping stations, EVs will have different levels of degradation of batteries, and it will be difficult for operators to gauge and monitor these levels for a swap. There are going to be more interoperability issues with competing operators and making sure that they work on all EVs. Further, the ownership of the battery will shift to the swapping station operator and the prices and the cost of a battery in such a scenario might be comparable to petrol or other fossil fuels. This might discourage users to buy EVs in general and opt for the more familiar internal combustion (IC) vehicles, defeating the larger mandate of cutting carbon emissions.

All the data headaches

To put it bluntly, modern EVs are phones/tablets mounted on a chassis with a giant battery, a motor, some wheels and many sensors collecting data. EVs manufacturers will become more like digital tech companies than traditional automakers. By their very nature, EVs must constantly collect vehicle data about battery charge, discharge, temperature, power, acceleration, top speed,

passenger weight, and additional loads through sensors to feed into their battery management software. The electric scooter company Ather mentions that their product has 46 sensors on generating data on various components and assess riding behaviour and patterns. Data collected through these sensors crucial to monitor a battery's performance and give accurate information to the riders about range. Modern EVs are equipped with GPS for maps services and eSIMs to transmit vehicle data and update various software controlling the vehicle.

With these features baked in, it extends the surveillance capabilities of companies and the state dramatically. Cybersecurity concerns will be amplified as connected vehicles in increase attack surfaces.

Data collected from these vehicles is valuable for the companies and can be used to better their product and build in new functionalities and open businesses. Therefore, there is a reason why Tesla has a higher market capitalization than nine of the largest global car companies combined. Data from their vehicles allows Tesla to build features like their

autopilot feature where the vehicle can drive passengers autonomously, a migraine for regulators in the United States with the number of fatalities and accidents. It raises deep questions about algorithm liabilities with autonomous systems and how they can be held accountable. For example, in Uber's case, the operator who was testing the self-drive feature was held liable for the fatality of a pedestrian crossing the road, and not Uber as a corporation.

Data and driving patterns collected from vehicles can also be linked to motor vehicle insurance. In India, self-drive car rental company Zoomcar equips its vehicles with a camera and driver assistance systems and has partnered with ICICI Lombard for insurance. It is unclear how and whether data collected will be used to adjust insurance premiums, but the ethics of the practice is questionable and has been shown to lead to more algorithm biases.

State surveillance capabilities are massively enhanced with the proliferation of EVs with the use of eSIMs. More EVs on the road will be a blessing to telecom companies who issue eSIMs and open new use

cases for the expensive 5G technology infrastructure, however, they are subject regulations from the Telecom Regulatory Authority of India (TRAI). In the current environment, it isn't hard to imagine a scenario where government can mandate telecom companies to build backdoors into EVs to fulfill the security and lawful interception and monitoring conditions of their license agreements. India also has the ignominious distinction of having the most number of Internet shutdowns in the world. If these shutdowns are extended to eSIMs on EVs, it will impinge on the fundamental right to movement.

A comprehensive personal data protection law will mitigate many of the concerns and only allow companies to collect data that is only necessary, and the state must balance out its security requirements for EVs to make sure that fundamental rights of users are protected.

**Author is Associate Fellow at ORF's
Mumbai centre*

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Certification of Origin & Attestation of Export Documents

The Chamber is recognized by the Government of India to issue Certificates of Origin for non-preferential countries. Export documents are also accepted as authentic by the Consular offices of various countries and international authorities.

Visa Facilitation

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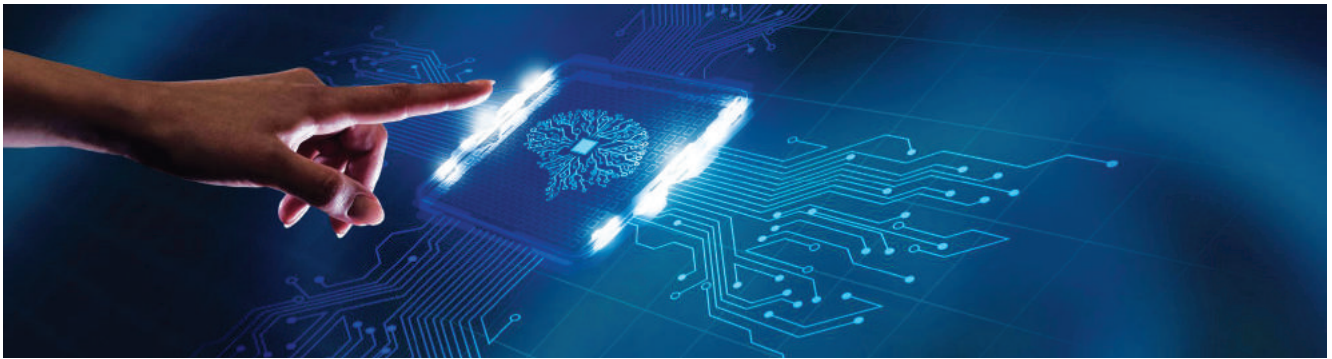
For details, Please Contact
Mr. Firasath Ali Khan,
e-Mail: co@ftcci.in, 040-23395515-22



REMOTE BUT READY: POST-LOCKDOWN WORLD READY FOR AUTOMATION TECHNOLOGIES

**Anil Bhasin*

Automation has become an imperative as businesses consider long-term remote and hybrid work scenarios



As the second wave of the pandemic subsides and vaccination drives gather momentum, 'return to work' and 'hybrid workplaces' are gathering precedence in most organisational conversations. It has become essential for organisations to plan what would be their 'new normal', in a post-lockdown scenario.

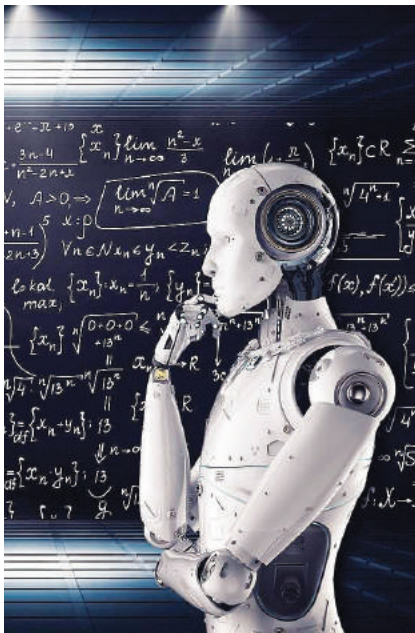
One silver lining is that this global crisis has pushed companies to innovate like never before. Leaders who may have been slow to adopt automation technologies—such as Robotic Process Automation (RPA), artificial intelligence (AI), and machine learning (ML)—have begun exploring them. Companies are using these technologies to provide faster service to customers, optimise costs, maintain

business continuity, and revamp their operations for distributed work. And, the automation work done today will pave the way for a better tomorrow. Apart from emergency solutions for the current situation, automation has the potential to drive long-term strategic changes to allow business to thrive in a post lockdown world. There are several use cases that demonstrate the positive implications of RPA.

The Covid-19 crisis has exposed the inefficiencies in healthcare systems around the globe. There is an urgent need to optimise processes and enable them to be as productive as possible. An important aspect of this is to automate administrative tasks such as claim processing, member enrollment, creating reports, updating records,

“
One silver lining is that this global crisis has pushed companies to innovate like never before.

”



etc., such that health professionals can dedicate more effort towards patient care.

Similarly, government organisations are looking at RPA to give relief to their overburdened teams. For instance, In India, state health departments needed to undertake an extensive contact tracing effort to track Covid-19 patients and their immediate contacts. The states deployed RPA bots to pick up data from the statewide response sheets and update the comprehensive records of quarantined people. Expect organisations to assess the power of RPA and include automation in their future ready strategies.

Conquering the future of work

Remote and hybrid working is the norm for several organisations. In this setting, automation is and will continue to become increasingly commonplace. Additionally, existing technology trends will be accelerated from sheer economic necessity, even as new trends emerge. These include the acceleration of enterprise digital transformation and the automation of work.

In a survey conducted earlier this year by UiPath, 65% of respondents believe it's possible their jobs will evolve in



the next ten years, 76% of workers believe upskilling opportunities offer job security, while 94% of the respondents felt that being trained in automation software has improved their job performance this past year. Around 89% of the respondents would be more willing to continue working at a company that offered them training opportunities to learn new skills or further enhance their current skills.

Recession winners will use RPA, process mining

Enterprises in India are looking for ways to embrace automation to lower operational costs and maintain business continuity. Recession winners this time around will use hyper automation technologies such as RPA, process mining and task mining to make bold decisions about where to selectively reduce costs and meet business objectives.

**MD & VP, UiPath India and South Asia*

Source: <https://www.financialexpress.com/industry/remote-but-ready-post-lockdown-world-ready-for-automation-technologies/2306029>



Central Bank Digital Currency – Is this the Future of Money

**T.Rabi Sankar*

Introduction

The idea of “Central Bank Digital Currencies” (CBDC) is not a recent development. Some attribute the origins of CBDCs to Nobel laureate James Tobin², an American economist, who in 1980s suggested that that Federal Reserve Banks in the United States could make available to the public a widely accessible ‘medium with the convenience of deposits and the safety of currency.’ It is only in the last decade, however, that the concept of digital currency has been widely discussed by central banks, economists & governments.

Except as currency notes, all other use of paper in the modern financial system, be it as bonds, securities, transactions, communications, correspondences or messaging – has now been replaced by their corresponding digital and electronic versions. On anecdotal evidence, use of physical cash in transactions too has been on the decline in recent years, a trend further reinforced by the ongoing Covid19 pandemic. These developments have resulted in many central banks and governments stepping up efforts towards exploring a digital version of fiat currency. Some of this interest among central banks has been indigenous in nature for pursuing specific policy objectives – for example, facilitate negative interest rate monetary policy. Another driver is to provide the public with virtual currencies, that carry the legitimate benefits of private virtual currencies while avoiding the damaging social and economic consequences of private currencies.

What is a CBDC?

It is important to understand and appreciate what precisely is a CBDC, and to do that one needs to understand what a currency is and what money is.

What is a currency?

Let us start with money. As societies developed from hunters and gatherers material needs increased – to build a house, wear clothes, make weapons and implements etc. Since these needs could

not be produced individually, people had to purchase them from others. These purchases were paid initially by barter – a leather skin cloak for a spear, maybe. As barter had its limits – how many cloaks for a spear – barter got standardized in terms of metals or cowrie shells. Now people knew the value of both the cloak and the spear in terms of bronze or cowrie shells. This was still barter, as both bronze and shells had intrinsic value (shells were desired for their beauty). This system evolved over time into metal currencies. Gold and silver coinage were the offshoot of this system where they had features of barter (both gold and silver had intrinsic value) as well as money (they were standardized representation of value). Somewhere along the way people improvised – instead of actual goods for barter they started using claims on goods, a bill of exchange in fact. These could be clay tablets in Mesopotamia or, as in China in the eleventh century, paper currency.

In respect of money two facts emerge historically.

- (i) Money has taken the form of either commodities (which have intrinsic value) or in terms of debt instruments. When money does not have intrinsic value, it must represent title to commodities that have intrinsic value or title to other debt instruments. Paper currency is such a representative money and it is essentially a debt instrument. The owner of the currency knows who owes him or who has the underlying liability. There is always an ISSUER of representative money.
- (ii) Money is usually issued by a sovereign. Private issuance of money – whether under sovereign license or otherwise – has existed in the past but has over time given way to sovereign issuance, for two reasons. Firstly, being a debt issuance, private money is only as good as the credit of the issuer. By definition, there can

be multiple issuers. This makes private currency unstable. On the other hand, public currency, as it is backed by a sovereign, is unique to an economy and has better credit standing; therefore, it is more stable. Secondly, paper currency involves seignorage – the difference between the intrinsic value and the representative value which accrues to the issuer. This seignorage should not accrue to any private individual. It should accrue to the Government and thus used for public spending.

Now we are in a position to provide a definition of a currency. In modern economies, currency is a form of money that is issued exclusively by the sovereign (or a central bank as its representative). It is a liability of the issuing central bank (and sovereign) and an asset of the holding public. Currency is fiat, it is legal tender. Currency is usually issued in paper (or polymer) form, but the form of currency is not its defining characteristic.

What is a central bank digital currency?

Having defined a currency as a liability issued by the central bank, we are now in a position to define a CBDC. A CBDC is the legal tender issued by a central bank in a digital form. It is the same as a fiat currency and is exchangeable one-to-one with the fiat currency. Only its form is different.

It is also important to understand what a CBDC is not. CBDC is a digital or virtual currency but it is not comparable to the private virtual currencies that have mushroomed over the last decade. Private virtual currencies sit at substantial odds to the historical concept of money. They are not commodities or claims on commodities as they have no intrinsic value; some claims that they are akin to gold clearly seem opportunistic. Usually, certainly for the most popular ones now, they do not represent any person's debt or liabilities. There is no ISSUER. They are not money (certainly

not CURRENCY) as the word has come to be understood historically.

A line of argument that has helped private virtual currencies gain some degree of legitimacy is that most money in modern societies is in fact already private since they represent deposit liabilities of private banks. There are two factors that are conveniently pushed under the carpet. One, deposits are issued by banks under license of the sovereign issuer of currency (usually the central bank). Two, deposits are accepted by the public only because they are convertible one-to-one into sovereign currency. A simple way to understand the distinction is to look at deposits as lending of sovereign currency to banks by the public, on interest (credit, its opposite side, is lending of sovereign currency by banks to the public, on interest). Bank deposits are money, certainly, but they have no independent existence as money, shorn of sovereign authority and the resultant public confidence. In any case bank deposits are very different from private currencies which (a) do not have an issuer, and (b) are not convertible one-to-one into the sovereign currency.

To sum up, CBDC is the same as currency issued by a central bank but takes a different form than paper (or polymer). It is sovereign currency in an electronic form and it would appear as liability (currency in circulation) on a central bank's balance sheet. The underlying technology, form and use of a CBDC can be moulded for specific requirements. CBDCs should be exchangeable at par with cash.

What is the need for a CBDC?

While interest in CBDCs is near universal now, very few countries have reached even the pilot stage of launching their CBDCs. A 2021 BIS survey of central banks found that 86% were actively researching the potential for CBDCs, 60% were experimenting with the technology and 14% were deploying pilot projects. Why

this sudden interest? The adoption of CBDC has been justified for the following reasons:-

- (i) Central banks, faced with dwindling usage of paper currency, seek to popularize a more acceptable electronic form of currency (like Sweden);
- (ii) Jurisdictions with significant physical cash usage seeking to make issuance more efficient (like Denmark, Germany, or Japan or even the US);
- (iii) Central banks seek to meet the public's need for digital currencies, manifested in the increasing use of private virtual currencies, and thereby avoid the more damaging consequences of such private currencies.

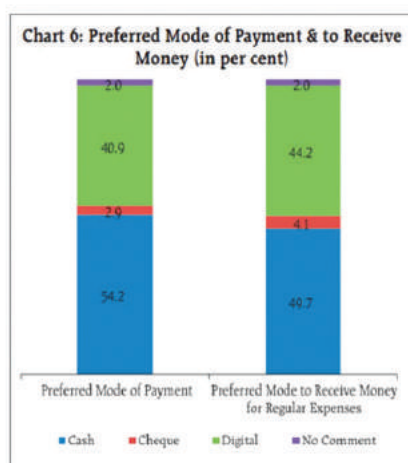
In addition, CBDCs have some clear advantages over other digital payments systems – payments using CBDCs are final and thus reduce settlement risk in the financial system. Imagine a UPI system where CBDC is transacted instead of bank balances, as if cash is handed over – the need for interbank settlement disappears. CBDCs would also potentially enable a more real-time and cost-effective globalization of payment systems. It is conceivable for an Indian importer to pay its American exporter on a real time basis in digital Dollars, without the need of an intermediary. This transaction would be final, as if cash dollars are handed over, and would not even require that the US Federal Reserve system is open for settlement. Time zone difference would no longer matter in currency settlements – there would be no 'Herstatt' risk.

Do we need CBDC in India?

The advantages of issuing a CBDC discussed briefly in the previous paragraph might be enough to justify India issuing a CBDC, although to realize benefits of global settlements, it is important that both the countries in a currency transaction have CBDCs in place. Let us, however, look at it from India's own point of view.

India is leading the world in terms of digital payments innovations. Its payment systems are available 24X7, available to both retail and wholesale customers, they are largely real-time, the cost of transaction is perhaps the lowest in the world, users have an impressive menu of options for doing transactions and digital payments have grown at an impressive CAGR of 55% (over the last five years). It would be difficult to find another payment system like UPI that allows a transaction of one Rupee. With such an impressive progress of digitisation, is there a case for CBDCs?

A pilot survey conducted by the Reserve Bank on retail payment habits of individuals in six cities between December 2018 and January 2019, results of which were published in April, 2021 RBI Bulletin (please see charts below) indicates that cash remains the preferred mode of payment and for receiving money for regular expenses. For small value transactions (with amount up to Rs.500) cash is used predominantly.

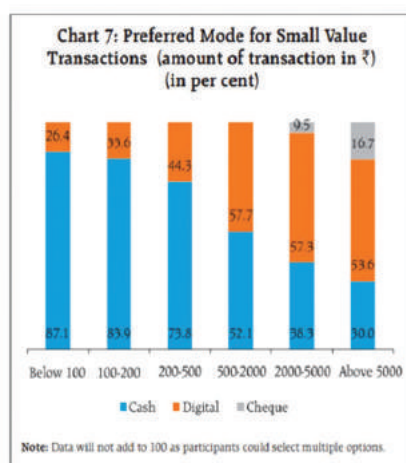


acceptance of CBDC, as long as anonymity is assured.

India's high currency to GDP ratio holds out another benefit of CBDCs. To the extent large cash usage can be replaced by CBDCs, the cost of printing, transporting, storing and distributing currency can be reduced.

The advent of private virtual currencies (VCs) may well be another reason why CBDCs might become necessary. It is not clear what specific need is met by these private VCs that official money cannot meet as efficiently, but that may in itself not come in the way of their adoption. If these VCs gain recognition, national currencies with limited convertibility are likely to come under threat. To be sure, freely convertible currencies like the US Dollar may not be affected as most of these VCs are denominated in US Dollar. In fact, these VCs might encourage the use of US Dollar, as has been argued by Randal Quarles

Developing our own CBDC could provide the public with uses that any



There is thus a unique scenario of increasing proliferation of digital payments in the country coupled with sustained interest in cash usage, especially for small value transactions. To the extent the preference for cash represents a discomfort for digital modes of payment, CBDC is unlikely to replace such cash usage. But preference for cash for its anonymity, for instance, can be redirected to

private VC can provide and to that extent might retain public preference for the Rupee. It could also protect the public from the abnormal level of volatility some of these VCs experience. Indeed, this could be the key factor nudging central banks from considering CBDCs as a secure and stable form of digital money. As Christine Lagarde, President of the

ECB has mentioned in the BIS Annual Report "... central banks have a duty to safeguard people's trust in our money. Central banks must complement their domestic efforts with close cooperation to guide the exploration of central bank digital currencies to identify reliable principles and encourage innovation."

The case for CBDC for emerging economies is thus clear – CBDCs are desirable not just for the benefits they create in payments systems, but also might be necessary to protect the general public in an environment of volatile private VCs.

CBDC and the Banking System

CBDCs, depending on the extent of its use, can cause a reduction in the transaction demand for bank deposits. Since transactions in CBDCs reduce settlement risk as well, they reduce the liquidity needs for settlement of transactions (such as intra-day liquidity). In addition, by providing a genuinely risk-free alternative to bank deposits, they could cause a shift away from bank deposits which in turn might reduce the need for government guarantees on deposits (Dyson and Hodgson, 2016).

At the same time reduced disintermediation of banks carries its own risks. If banks begin to lose deposits over time, their ability for credit creation gets constrained. Since central banks cannot provide credit to the private sector, the impact on the role of bank credit needs to be well understood. Plus, as banks lose significant volume of low-cost transaction deposits their interest margin might come under stress leading to an increase in cost of credit. Thus, potential costs of disintermediation mean it is important to design and implement CBDC in a way that makes the demand for CBDC, vis-à-vis bank deposits, manageable.

There is another risk of CBDCs that could be material. Availability of CBDC makes it easy for depositors to withdraw balances if there is stress



on any bank. Flight of deposits can be much faster compared to cash withdrawal. On the other hand, just the availability of CBDCs might reduce panic 'runs' since depositors have knowledge that they can withdraw quickly. One consequence could be that banks would be motivated to hold a larger level of liquidity which could result in lower returns for commercial banks.

In actual fact, notwithstanding the benefits of CBDCs vis-à-vis bank deposits, since CBDCs are currency and therefore do not pay interest, their impact on bank deposits may actually be rather limited. Depositors that require CBDCs for transactional purposes are likely to sweep day end balances to interest-earning deposit accounts.

CBDC and Monetary Policy

CBDCs may bring about a change in the behaviour of the holding public. And what the nature of that change would be cannot be gauged a priori given that no central bank has launched CBDC. If there is overwhelming demand for CBDC, and CBDCs are issued largely through the banking system, as is likely, more liquidity may need to be injected to offset the currency leakage

from the banking system.

Much recent discussion has focussed on the use of negative interest-bearing CBDCs for effectiveness of monetary policy, for a specific reason. The extremely low inflationary environment in many advanced economies has constrained their ability to reduce interest rates as negative interest rates are not effective because of the shift to cash. However, monetary transmission of negative policy rates to boost demand would be more effective if currency itself can carry a negative interest rate. Hence the argument in favour of payment of negative interest rate on CBDC as an unconventional monetary policy tool to boost spending. Such steps may need to be taken with care as any instrument that pays interest (positive or negative) is strictly not a currency.

CBDC and Technology Risk

CBDC ecosystems may be at similar risk for cyber-attacks as the current payment systems are exposed to. Further, in countries with lower financial literacy levels, the increase in digital payment related frauds may also spread to CBDCs. Ensuring high standards of cybersecurity and parallel efforts on financial literacy is therefore



essential for any country dealing with CBDC.

Absorption of CBDCs in the economy is also subject to technology preparedness. The creation of population scale digital currency system is contingent upon evolution of high speed internet and telecommunication networks and ensuring the wider reach of appropriate technology to the general public for storing and transacting in CBDCs. In developing countries, lower level of technology adoption may limit the reach of CBDCs and add to existing inequalities in terms of accessing financial products and services.

RBI's approach on CBDC

Central Banks across the globe are engaged in exploring CBDCs and a few countries have also introduced proofs of concept / pilots on CBDC. The High Level Inter-Ministerial Committee (November 2017) constituted by Ministry of Finance, Government of India (GoI) to examine the policy and legal framework for regulation of virtual / crypto currencies had recommended the introduction of CBDCs as a digital form of fiat money in India. Like other central banks, RBI has also been exploring the pros and cons of introduction of CBDCs since quite some time.

Generally, countries have implemented specific purpose CBDCs in the wholesale and retail segments. Going forward, after studying the impact of these models, launch of general purpose CBDCs shall be evaluated. RBI is currently working towards a phased implementation strategy and examining use cases which could be implemented with little or no disruption. Some key issues under examination are – (i) the scope of CBDCs – whether they should be used in retail payments or also in wholesale payments; (ii) the underlying technology – whether it should be a distributed ledger or a centralized ledger, for instance, and whether the choice of technology should vary according to use cases; (iii) the validation mechanism – whether token based or account based, (iv) distribution architecture – whether direct issuance by the RBI or through banks; (v) degree of anonymity etc. However, conducting pilots in wholesale and retail segments may be a possibility in near future.

Legal Framework

Although CBDCs are conceptually no different from banknotes, introduction of CBDC would require an enabling legal framework since the current legal provisions are made keeping in mind currency in paper form. Under the Reserve Bank of India Act,

1934, the Bank is empowered to “... regulate the issue of bank notes and the keeping of reserves with a view to securing monetary stability in India and generally to operate the currency and credit system of the country to its advantage” (Preamble). The Reserve Bank derives the necessary statutory powers from various sections of the RBI Act – with respect to denomination (Section 24), form of banknotes (Section 25), status as legal tender (Sec 26(1)) etc. There is a need to examine consequential amendments to other Acts like The Coinage Act, 2011, FEMA, 1999, Information Technology Act, 2000 etc. Even though CBDCs will be a primarily technology driven product, it will be desirable to keep the legislation technology neutral to enable coverage of a variety of technology choices.

Conclusion

Introduction of CBDC has the potential to provide significant benefits, such as reduced dependency on cash, higher seigniorage due to lower transaction costs, reduced settlement risk. Introduction of CBDC would possibly lead to a more robust, efficient, trusted, regulated and legal tender-based payments option. There are associated risks, no doubt, but they need to be carefully evaluated against the potential benefits. It would be RBI's endeavour, as we move forward in the direction of India's CBDC, to take the necessary steps which would reiterate the leadership position of India in payment systems.

CBDCs is likely to be in the arsenal of every central bank going forward. Setting this up will require careful calibration and a nuanced approach in implementation. Drawing board considerations and stakeholder consultations are important. Technological challenges have their importance as well. As is said, every idea will have to wait for its time. Perhaps the time for CBDCs is nigh.

**Deputy Governor,
Reserve Bank of India*

GOVERNMENT ORDERS(GO's)

Government of Telangana

Abstract

Revenue (Registration) Department Registration Act,
1908 Section 78 Table of Fees Amendment Orders
Issues.

REVENUE (REGISTRATION DEPARTMENT)

GO.Ms.No.60 Date : 20.07.2021

From Commissioner and Inspector General of
Registration and Stamps, Telangana, Hyderabad
Lt.No.S1/TS/11217/2010 Dt: 14.07.2021

Circular No. 157/13/2021-GST

File No.: CBIC-20006/10/2021

Government of India

Ministry of Finance

Department of Revenue

Central Board of Indirect Taxes and Customs

GST Policy Wing

Subject : Clarification regarding extension of
limitation under GST Law in terms of Hon'ble
Supreme Court's order dated 27.04.2021

<https://www.ftcci.in/pages/ftcci-review>

July 21, 2021

RESERVE BANK OF INDIA

www.rbi.org.in

RBI/2021-2022/67

FIDD.MSME&NFS.BC.No.13/06/02.31/2021-22

Dear Sir/ Madam,

**New Definition of Micro, Small and Medium
Enterprises-Addition of Retail and wholesale
Trade**

Please refer to the circular FIDD.MSME & NFS.BC.No.
13/06/02.31/2021-22 dated July 2, 2020 on 'Credit
flow to Micro, Small and Medium Enterprises Sector'
and FIDD.MSME & NFS.BC.No.4/06.02.31/2020-21
dated August 21, 2020 on 'New Definition of Micro,
Small and Medium Enterprises-Clarification'

<https://www.ftcci.in/pages/ftcci-review>

July 28, 2021

Government of Telangana

ABSTRACT

**ITE & C Department Schemes to promote the
Startups with Grassroot/Rural Impact orders
Issues.**

Information Technology, Electronics &

Communication Department

(Schemes for Startups with Grassroot/Rural Impact)

G.O.Ms.No.8

Date : 27-07-2021

Order :

21 Million people out of the total population of
35 Million of Telangana lives in rural areas. The
problems of this population are fundamentally
quite different from the problems of the urban
populace of Telangana. Old-age agriculture
practices, lack of access to technological advances,
and financial illiteracy are few rural problems to
mention. It is critical that we involve the rural
citizenry and startups with grassroot/rural impact
predominately to solve these problems through
incentives and enablement.

GOVERNMENT OF TELANGANA

ABSTRACT

G.O.Ms.No. 58

Date : 20-07-2021

**Revenue (Registration) Department – The
Telangana Revision of Market Value Guidelines
Rules, 1998 – Implementation of Revised
Market Values in the state with effect and from
22.07.2021 – Order – Issues.**

REVENUE (REGISTRATION) DEPARTMENT

<https://www.ftcci.in/pages/ftcci-review>

July 28, 2021

RESERVE BANK OF INDIA

RBI/2021-22/77

**Guidelines for Implementation of the circular
on opening of current accounts by banks**

<https://www.ftcci.in/pages/ftcci-review>

August 04, 2021

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*Based on Retail Loan book size (excluding mortgages). Source: Annual Reports FY 19-20 and No.1 on market capitalisation based on BSE data as on 31st Dec. 2020.



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