NEWS & VIEWS

ECONOMY

Govt may ease inflation target for RBI to help push growth

The government is considering recommending a looser inflation target for the central bank, allowing it to focus more on economic growth despite price pressures, according to people familiar with the matter. A consumer-price inflation band tracked by the RBI may be relaxed further from the 2-6% range. The government still needs to hold consultations with the central bank before finalising a new framework sometime next year. The current mandate, set in 2016, requires the RBI to keep headline inflation at the 4% midpoint of its target range. The band — a broad range of 400 basis points (100bps = 1percentage point) within which the central bank has sanction to operate — is the widest in Asia. The yield on the most-traded 5.77% 2030 bond fell 2bps to 5.92%. The finance ministry is of the view that the RBI can't be saddled with a rigid inflation targeting framework, especially in situations when growth needs to be pushed, the people said.

FINANCE

Centre releases 10th installment to states to meet GST compensation shortfall

The Centre has released the tenth instalment of Rs 6,000 crore to states as back-to-back loan to meet the Goods and Services Tax (GST) compensation shortfall, taking the total amount released so far through the special borrowing window to Rs 60,000 crore. Of this, an amount of Rs 5,516.60 crore has been released to 23 states and Rs 483.40 crore to Delhi and the Union Territories of Jammu & Kashmir and Puducherry. The remaining five states—Arunachal Pradesh, Manipur, Mizoram, Nagaland and Sikkim do not have a gap in revenue on account of GST implementation. As per the Ministry's statement, more than 50% of the estimated GST compensation shortfall has been released to the States & UT with Legislative Assembly. The amount was borrowed at an interest rate of 4.1526%, while the average interest rate was 4.6892%. An additional borrowing permission of Rs 1,06,830 crore has been granted to states, equivalent to 0.5% of states' Gross Domestic Product.

PERSONS IN NEWS

USL to get first woman CEO in Hina Nagarajan

Anand Kripalu, Managing Director and CEO of the country's largest liquor firm, United Spirits Limited, will step down effective June 30, 2021 after nearly eight years, to pursue the next phase of his career," as per the company's statement. Hina Nagarajan will replace Anand Kripalu as the Managing Director and CEO with effect from July 1, 2021. She will be the first woman to helm USL, controlled by British spirits and beer maker Diageo Plc. Nagarajan, who is currently a Managing Director, Africa regional markets, will be appointed Anand's successor and will also join the Diageo Executive Committee on July 1, 2021. She will join USL as CEO-designate in April next year.

Aviva appoints Mark Versey as CEO of Aviva Investors

Mark Versey who served as Chief Investments Officer, Real Assets, at Aviva Investors, will join Aviva's Group Executive Committee, reporting to Aviva Group CEO, Amanda Blanc, and will assume his new role as CEO of Aviva Investors, effective from January 04, 2021. The appointment is another important step in the delivery of Aviva's new strategy. Versey joined Aviva Investors in 2014 and succeeds Euan Munro who, after seven years as CEO of Aviva Investors, will take up a role outside of Aviva.. He sits on the Investment Committee of the Investment Association and chairs its Sustainability and Responsible Investment Committee. Versey was previously Chief Investment Officer at Friends Life Group and AXA UK.

NEWS & VIEWS

PERSONS IN NEWS

Archit Chenoy Appointed as CEO of RepIndia

RepIndia, an integrated digital agency, announced the appointment of Archit Chenoy as the new CEO, effective from January 04, 2021. Formerly, he served as the Managing Director and will take over the new role in January 2021. Prior to RepIndia, Archit has been associated in key, strategic roles in organisations such as GTI, Capital India Advisors, Ernst & Young and Standard Chartered Bank. For the last 7 years, Archit has played a crucial role in building RepIndia - across geographies in Delhi and Mumbai. In his new role, Archit will be entrusted with a different set of responsibilities, taking the reins from Ayesha Chenoy, who founded the company in 2013, to build an institution that strives to add value to people's lives. Hailing from an investment analyst background, Chenoy has proven his ability to take the firm a notch higher, through his tenure here at RepIndia.

REGULATORY

Government issues ordinance to amend arbitration law

In November 2020, the government issued an ordinance to amend the arbitration law to ensure that all stakeholder parties get an opportunity to seek an unconditional stay on enforcement of arbitral awards where the arbitration agreement or contract is "induced by fraud or corruption". The ordinance which further amends the Arbitration and Conciliation Act, 1996 also does away with the 8th Schedule of the Act which contained the necessary qualifications for accreditation of arbitrators. This provision had faced criticism from some quarters that the conditions prescribed in the law came in way of India getting the benefit of having foreign arbitrators. "But that was not the case and a wrong impression had got created. Still, to do away with that impression, the concerned schedule has been dropped," a government functionary explained. Now, the qualifications based on which arbitrators will be accredited will be prescribed by regulations, which will be framed by a proposed arbitration council. Till recently, an arbitration award was enforceable even if an appeal was filed against it in the court under Section 36 of the law. But the court could grant a stay on the award on conditions as it deemed fit. As per the latest amendment brought through the ordinance, if the award is being given on the basis of an agreement based on fraud or corruption, then the court will not impose a condition to stay the award and grant an unconditional stay during the pendency of the appeal if it has been challenged under Section 34 of the arbitration law. The Law Ministry ordinance said the amendment was necessary "to address the concerns raised by stakeholders after the enactment of the Arbitration and Conciliation (Amendment) Act, 2019 and to ensure that all the stakeholder parties get an opportunity to seek an unconditional stay of enforcement of arbitral awards where the underlying arbitration agreement or contract or making of the arbitral award are induced by fraud or corruption." In Section 36 of the Arbitration and Conciliation Act, 1996, sub-section (3), after the proviso, a clause has been inserted which states that "Provided further that where the court is satisfied that a prima facie case is made out, (a) that the arbitration agreement or contract which is the basis of the award; or (b) the making of the award, was induced or effected by fraud or corruption, it shall stay the award unconditionally pending disposal of the challenge under section 34 to the award. The provision will come into effect retrospectively from October 23, 2015, the ordinance states.

Draft Rules: Gig Workers need to Register, Update Info for Social Security

Workers in the gig economy will have to constantly update their details on a web portal in a bid to avail social security benefits, even as gig firms will have to submit contribution towards a fund through self-assessment, according to draft labour rules published by the Central government. The Code on Social Security (Central) Rules, 2020 states that all unorganised sector workers, including gig and platform workers, will have to update their particulars such as current address, present job, period of engagement with gig firms, skills, mobile number, “on the portal specified by the Central Government.” “In the absence of such updation, a gig worker or platform worker may not remain eligible to avail benefits of the social security schemes notified under the Code,” the draft rules dated November 13, which is made public for inviting public comments within 45 days, stated. According to the proposal, gig firms will be required to make an annual contribution by June 30 of every year for social security of gig and platform

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NEWS & VIEWS

REGULATORY

workers. All such contributions will be done through self-assessment by the gig companies, which will have to submit a form stating the number of gig workers associated with it at the start of every financial year and annual turnover of the aggregators in preceding year. The contribution towards social security funds, which will be separate for gig workers from other unorganised sector workers, will be to the tune of 5% of "liability of the aggregator to gig and platform workers." Gig firms will also have to submit a final return, "detailing the provisional payment of contribution made along with the details of outstanding contribution", by October 31 every year to the government. The eligibility of availing any benefits out of social security funds for unorganised and gig workers will be determined separately by the government. However, the registration of such workers will be authenticated with their Aadhaar details, following which a unique registration number will be allotted to them.

What the Draft Rules state:

- Rate of interest for delayed payment of cess by construction firms to be reduced from 2% to 1% every month.
- Labour assessing officer will no longer have the power for indefinitely stopping of construction work.
- Such assessing officers can visit the construction site only with a prior approval from higher authorities.
- Registration of gig and unorganised sector workers will be authenticated with their Aadhaar details, following which a unique registration number will be allotted to them.
- Gig firms will be required to make an annual contribution by June 30th of every year for social security of their workers.
- Workers will have to constantly update their details, including residential address, present job, period of engagement with gig fims, etc, on a web portal to remain eligible for social security benefits

MERGERS & ACQUISITIONS

Fiat Chrysler and PSA Peugeot to merge and become World's fourth-largest Carmaker, 'Stellantis'

The marriage of carmakers PSA Peugeot and Fiat Chrysler Automobiles is built on the promise of cost-savings in the capital-hungry industry. We will witness if this merger will be able to preserve jobs and heritage brands in a global market still suffering the shakeout from the pandemic. Shareholders have voted on a deal to create the world's fourth-largest carmaker, to be called Stellantis, with the capacity to produce 8.7 million cars a year, behind Volkswagen, Toyota and Renault-Nissan, and create 5 billion euros in synergies. It will put together under one roof French mass-market carmakers Peugeot and Citroen, top-selling Jeep and Italian luxury and sports brands Maserati and Alfa Romeo - pooling companies that have helped define the industry in the United States, France and Italy.

Gojek in talks with Tokopedia for $18 Billion Merger

Indonesia's ride-hailing and payments giant Gojek is in advanced discussions about merging with local e-commerce pioneer PT Tokopedia, ahead of a planned Initial Public Offering of the combined entity, as per the sources. The country's two most valuable startups have signed a detailed term sheet to conduct due diligence of each other's business. Both sides see potential synergies and are keen to close the deal as soon as possible in coming months. The merged entity would create an Indonesian powerhouse with a valuation of about $18 billion, with Gojek and Tokopedia pegged at around $10.5 billion and $7.5 billion respectively. Their businesses range from ride-hailing and payments to online shopping and delivery - a local mashup of Uber Technologies Inc., PayPal Holdings Inc., Amazon.com Inc., and DoorDash Inc. It plans to go public in the U.S. and Indonesia. Gojek and Tokopedia have considered a potential merger since 2018, but discussions accelerated after deal talks between Gojek and arch-rival Grab Holdings Inc. reached an impasse.