

Daily News Monitor: 1 September 2020

1. First economic contraction in 4 decades: India GDP shrinks 23.9% in Q1FY21

Source: Business Standard ([Link](#))

India's economy contracted by 23.9 per cent in the April-June period, its worst performance since the quarterly measurement began in 1996, and probably the first contraction since 1980. The lockdown and suspension in economic activity due to Covid-19 was so massive that among a mix of advanced and emerging economies, India's GDP contraction was the worst. The damage visible across all areas of the economy was countered by two indicators. In the period of unprecedented economic contraction in manufacturing and services, the gross value added (GVA) in agriculture grew by 3.4 per cent compared to the same period of the previous year. On the demand side, while consumer spending and investments declined massively, government spending grew by 16 per cent, data released by the National Statistical Office shows.

2. Adani Group acquires 74 per cent stake in Mumbai International Airport

Source: Business Standard ([Link](#))

The Gautam Adani-led Adani group has acquired a 74 per cent stake in Mumbai International Airport Limited (MIAL), a joint venture between the Airports Authority of India and GVK Industries. MIAL operates the Mumbai airport — the largest in the country after Delhi. The deal marks the culmination of a two-year-long fight during which the Reddy family — owner of the GVK group — scouted for buyers, struck binding agreements with a consortium of foreign investors, and fought legal battles to thwart the Adani group's hostile takeover attempts. In the end, the Reddys succumbed to the default pressure from the lenders' consortium, led by State Bank of India. Sources said the lenders to the GVK group forced this deal, concerned by the group's inability to repay debt. The airport business was virtually grounded during the pandemic. A money laundering case filed by the CBI against G V K Reddy and his son Sanjay Reddy for siphoning of funds in MIAL made things worse as lenders started freezing accounts for forensic audit.

3. India making a lot of regional investment, but needs to do more: Jaishankar

Source: Financial Express ([Link](#))

India's growth has to be a lifting tide for the entire region, External Affairs Minister S Jaishankar said on 31 August while pitching for greater investment by the country in the neighbourhood, particularly to improve connectivity. Speaking at an interactive session at the

US-India Strategic Partnership Forum, Jaishankar also highlighted India's focus on self-reliance to boost economic growth as well as efforts to improve the overall prosperity of the region. Jaishankar said India has been a supplier of electricity to most of its neighbours in the last five years besides providing fuel to many of the countries.

4. RBI announces steps to ease pressure on liquidity

Source: Financial Express ([Link](#))

The Reserve Bank on 31 August announced a host of steps, including term repo operations totalling Rs 1 lakh crore in mid-September to ease pressure on the liquidity and maintain congenial financial conditions with a view to ensuring sustainable recovery of economic growth. "The RBI stands ready to conduct market operations as required through a variety of instruments so as to ensure orderly market functioning," the central bank said in a statement adding that recently market sentiment has been impacted by concerns relating to the inflation outlook and the fiscal situation amidst global developments that have firmed up yields abroad.

5. 7 states, 1 UT oppose Centre's proposal of borrowing to meet GST compensation shortfall

Source: Financial Express ([Link](#))

As many as seven non-BJP ruled states, including Kerala and Punjab, besides Union Territory Puducherry on 31 August rejected the Centre's suggestion of states borrowing to make up for the GST shortfall, saying the constitutional liability lies with the Union government. At an informal meeting on 31 August, six non-BJP ruled states — Punjab, West Bengal, Kerala, Delhi, Chhattisgarh and Telangana — felt that an alternative mechanism should be worked out to compensate the GST revenue shortfall.

6. India to blacklist green firms, promoters feigning covid as exit excuse

Source: Livemint ([Link](#))

India plans to take strict action against green energy firms and their promoters feigning the covid-19 as an excuse to exit projects that they were awarded, said three people aware of the developments, requesting anonymity. This assumes significance given that India is running what will become the world's largest clean energy programme, and comes in the backdrop of some wind-energy developers seeking 'low-cost exit options' for unviable projects. The government plans to not only blacklist such companies, but also censure their promoters, preventing them from taking part in future projects. With some project developers exploring termination of their power purchase agreements (PPAs) without encashment of bank

guarantees, the ministry of new and renewable energy (MNRE) has taken a dim view of such practices as it can impact India's green energy plans.

7. Jobs app for Indian workers gets \$8 million from investors

Source: The Economic Times ([Link](#))

Apna, an app startup that aims to connect millions of bottom-of-the-pyramid workers to employers amid the devastation of India's lockdown, has raised \$8 million from a clutch of investors. The funding, from new investors Greenoaks Capital, Rocketship VC as well as existing backers Lightspeed India and Sequoia Capital, will help the app expand to more cities, the Indian firm said in a statement published Tuesday. It also wants to grow across verticals such as accounting, customer service and nursing. Currently, Apna is in five cities. The startup, founded by Apple Inc. alum Nimit Parikh, is a sort of LinkedIn for non-English-speaking, poorer Indians. The app helps first-time internet users access job opportunities by entering their name, age, and skills to generate a virtual "business card" that's shared with potential employers. Less than a year after its December launch, Apna has 1.2 million users.

8. Japan to extend emergency loan of 50 billion yen for India to fight Covid-19

Source: Livemint ([Link](#))

Japan on 31 August said it will extend emergency loan support of upto 50 billion yen towards India's response to the Covid-19 pandemic that includes implementation of health and medical policy. Additional Secretary, Department of Economic Affairs of Finance Ministry, CS Mohapatra and Japanese ambassador Suzuki Satoshi exchanged notes here on 1 September, concerning the provision of the yen loan to New Delhi to combat the COVID-19 pandemic. According to an official release by the Japanese embassy, this "COVID-19 crisis response emergency support loan" provides the necessary funds for India's fight against coronavirus. This financial support will support the implementation of health and medical policy by the Government of India, and will lead to the development of hospitals equipped with ICUs and infection prevention and management facilities.