

## Daily News Monitor: 2 February 2021

### **1. Budget 2021: Govt to amend LIC Act, paves way for India's largest IPO**

Source: Livemint ([Link](#))

The government on 1 January paved the way for the proposed initial public offering (IPO) of state-run Life Insurance Corp. of India (LIC) next fiscal in what would be the country's largest public issue so far. While announcing the budget for fiscal 2022, finance minister Nirmala Sitharaman proposed to amend the LIC Act and bring the rules for LIC under the Companies Act to ensure that the insurer does not face regulatory hurdles while launching its share sale. LIC, in which the government holds a 95% stake, is the country's largest insurer with total assets of more than ₹34 trillion. The insurer is currently in the midst of evaluating its total business through actuarial firms. The finance minister said the Union government will hold at least 75% in LIC for the first five years post the IPO, and subsequently, at least 51% in the insurer at all times.

### **2. Finance Commission recommends FRBM Act revamp**

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

The 15th Finance Commission led by NK Singh has recommended setting up a high-powered intergovernmental group to restructure the Fiscal Responsibility and Budget Management Act and oversee its implementation. The FRBM Act needs to be revamped because of prevailing uncertainty and contemporary realities and challenges, the commission said. The Union and state governments will have to amend their FRBM Acts to ensure their legislations are consistent with the fiscal sustainability framework, it added.

### **3. India's tax increase on crude palm oil imports could reduce shipments**

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

India has imposed an additional tax on crude palm oil imports as the world's biggest importer of vegetable oils tries to build domestic agriculture infrastructure by taxing imports, Finance Minister Nirmala Sitharaman said on 1 February. India cut the basic import tax on crude palm oil to 15% from 27.5%, but imposed a 17.5% "cess" - a separate tax - on the imports, Sitharaman said in her federal budget speech. The cess would provide resources for "an immediate need to improve agricultural infrastructure," Sitharaman said. The tax increase will narrow the duty gap between palm oil and other edible oils, which could reduce India's palm oil imports and potentially put pressure on Malaysian palm oil prices.

#### **4. Fabindia, Hidesign open a joint store in Chennai**

**Source: Money Control ([Link](#))**

Fabindia and Hidesign have announced the launch of their first ever joint store in Chennai. The store is located at Pandy Bazaar, T Nagar, which is part of smart city project and one of the principal shopping districts of the city. Spread across 5000+ sq feet on the ground and first floor, Fabindia will be showcasing its Apparel and select Home and Lifestyle offerings, with Hidesign highlighting its signature, sustainable vegetable tanned leather goods which are handcrafted at their ateliers in Pondicherry. For Hidesign, the store is spread across 700 sq ft on the ground floor. "Given the synergies between the two iconic home-grown Indian Brands, and their shared focus on hand-crafted traditions and innovative design that underpins their offerings, this association promises to create an exciting destination," the companies said in a joint statement.

#### **5. Govt may kickstart privatization exercise with two small PSU lenders**

**Source: Livemint ([Link](#))**

The government is likely to kickstart privatization in the banking sector with stake sales in two small state-run banks, Punjab and Sind Bank and Bank of Maharashtra, according to analysts. Delivering her budget speech on 1 February, finance minister Nirmala Sitharaman said the government plans to privatize two state-run banks along with IDBI Bank in the next fiscal. Sitharaman said legislative changes will be introduced during this parliamentary session to enable the divestment. After the merger of 13 public sector banks into five last year, Sitharaman was expected to make a policy announcement on privatization of state-run banks in next fiscal year's budget as a first step towards overhauling the banking sector. She, however, did not specify the names of the other two banks that the government aims to privatize and the size of stakes that would be sold. Analysts expect the government to test waters by first privatizing the smaller state-run banks that were excluded from the merger last year.

#### **6. What Budget 2021 means for taxpayers, investors and consumers**

**Source: Money Control ([Link](#))**

Budget 2021 has touched a broad canvas of people. Here are the key takeaways for the investor, taxpayer, depositors and common consumers. Senior citizens benefit, Easy compliance and redressal system, Faster tax resolutions, Not filed your tax return? Pay higher TDS, Investment charter for financial products, Higher contribution in EPF to attract tax, infra funding via tax-efficient zero coupon bonds, and others.

## **7. Healthcare industry welcomes increased budget allocation**

**Source: The Hindu ([Link](#))**

The healthcare industry welcomed the government's increased allocation for the healthcare sector and said that the move will provide access to medical care for all in the country, fuel job creation, and boost economic momentum. Finance Minister Nirmala Sitharaman proposed ₹2,23,846 crore budget outlay for health and well-being for 2021-22, compared to ₹94,452 crore in the current fiscal, registering an increase of 137%. Ms. Sitharaman has also proposed a ₹35,000 crore outlay for COVID-19 vaccines for the next fiscal and announced the roll-out of pneumococcal vaccines across the country to help save over 50,000 deaths annually.