



April 05, 2022 – Tuesday

Key Developments

CCI to enforce stricter M&A disclosure requirements starting May 1

Companies planning for merger and acquisition (M&A) will have to disclose the extent of “complimentary linkages” between them and their impact on the market under the revised reporting requirement of the Competition Commission of India (CCI). The changes will come into effect from May 1. The entities may also have to provide market facing data of the past five years with respect to their market size, market share of the parties and also the competitors along with customers and suppliers. At present they seek data for only one year.

The anti-trust watchdog has amended the Form-II--typically for cases requiring detailed examination to assess the likely effect of the combination on competition in India.

https://www.business-standard.com/article/economy-policy/cci-to-enforce-stricter-m-a-disclosure-requirements-starting-may-1-122040401208_1.html

Economy

GST rate for COVID-19 medicines pegged at 5% GST: govt

COVID-19 medicines and instruments are being sold at a GST rate of five per cent while other medicines are sold at a GST rate between five and 12 per cent ever since the pandemic started, Union Minister of State for Finance Pankaj Chaudhary said in the Lok Sabha on Monday. Chaudhary also said that 66 per cent of government-sponsored health insurance schemes in the country are being run by the central government. "When the COVID-19 pandemic started, a decision was made for sale of all medicines at the GST rate between 5 and 12 per cent and the GST rate for COVID-19 related medicines and instruments has been reduced to five per cent," he said during the Question Hour. The minister said the GST rate for health insurance is 18 percent, which is as per international standards, and similar to what it was during pre-GST days in the country.

<https://economictimes.indiatimes.com/news/economy/policy/gst-rate-for-covid-19-medicines-pegged-at-5-gst-govt/articleshow/90638357.cms>

Factory activity expanded at a slower pace, manufacturing PMI falls to 54 in March from 54.9 in February

India's factory activity expanded at a slower pace in March as rising prices meant new orders and output grew at their weakest rate since September, according to a survey released on Monday that also showed optimism at a two-year low. The survey provides the latest evidence the recovery in Asia's third-largest economy is slowing. Hikes in oil prices, primarily driven by uncertainties around the Russia-Ukraine war, have already taken a toll on consumer spending - the biggest contributor to GDP growth. Compiled by S&P Global, the Manufacturing Purchasing Managers' Index declined to 54.0 in March from 54.9 in February. However, it has remained above the 50-level separating growth from contraction for nine straight months.

<https://economictimes.indiatimes.com/news/economy/indicators/factory-activity-expanded-at-a-slower-pace-manufacturing-pmi-falls-to-54-in-march-from-54-9-in-february/articleshow/90634614.cms>

Banking and Finance

Social audit of CSR spend may become must

The government plans to make it mandatory for companies to conduct social auditing of their corporate social responsibility (CSR) spending as part of an initiative to further tighten the CSR norms in the country. Officials in the Ministry of Corporate Affairs (MCA) said the social audit will begin with public sector undertakings (PSUs) and then extended to all the corporate entities. One of the officials said markets regulator Securities and Exchange Board of India (Sebi) has already mandated Institute of Chartered Accountants of India (ICAI) to work on preparing a social audit standard.

<https://economictimes.indiatimes.com/news/economy/policy/social-audit-of-csr-spend-may-become-must/articleshow/90650199.cms>

International Arbitration Centre at GIFT IFSC set to improve certainty in resolving disputes

The government is working towards making the investor-state dispute settlement mechanism more robust by implementing a framework including party autonomy, neutrality and legal certainty while setting up the proposed international arbitration centre at the GIFT International Financial Services Centre (IFSC). Finance Minister Nirmala Sitharaman, in her budget speech on February 1, 2022, had proposed to set up an international arbitration centre at GIFT IFSC in due course. "The proposed International Arbitration Centre to be established by IFSCA aims to provide a robust framework for International Commercial Arbitration, including party autonomy, neutrality, legal certainty and expeditious resolution of disputes," said Praveen Trivedi, Executive Director of IFSCA.

<https://economictimes.indiatimes.com/news/economy/finance/international-arbitration-centre-at-gift-ifsc-set-to-improve-certainty-in-resolving-disputes/articleshow/90635050.cms>

Centre may add riders to a third of Rs 1 trillion capital expenditure loan to states

The Centre may attach some conditions for the release of a part of the 50-year interest free loans to state governments for their capital expenditure. In the Budget for FY23, finance minister Nirmala Sitharaman announced Rs 1 trillion support to states to ensure that capex momentum is not lost due to a likely paucity of funds after discontinuation of revenue cover for the Goods and Services Tax (GST) effective July 1, 2022. The capex support is seen to be sufficient to cover any shortfall in states' GST revenues in FY23 from the protected level. The support will be over and above their borrowing limit of 4% of Gross State Domestic Product (GSDP). "Some 65-70% of the assistance (interest-free loan for capex) to states will be provided to them for projects identified by them, without any conditions. The balance 30-35% will be linked to specified reforms and other fiscal achievements," an official source said.

<https://www.financialexpress.com/economy/centre-may-add-riders-to-a-third-of-rs-1-trillion-capital-expenditure-loan-to-states/2480358/>

Sebi forms panel to strengthen governance of market infra institutions

Capital markets regulator Sebi on Monday constituted a committee for reviewing and making recommendations for further strengthening of governance norms at stock exchange and other market infrastructure institutions (MIIs). The development comes in the backdrop of alleged corporate governance lapses at NSE, with several issues coming to the fore following a Sebi order that disclosed existence of a 'Himalayan yogi' who influenced the decisions of the exchange's former MD and CEO Chitra Ramkrishna. Apart from this, Ramkrishna had shared certain internal confidential information, including financial and business plans of NSE, dividend scenario, financial results with the yogi and even consulted him over the performance appraisals of the exchange's employees.

https://www.business-standard.com/article/markets/sebi-forms-panel-to-strengthen-governance-of-market-infra-institutions-122040401280_1.html

RBI to remain accommodative, leave all rates unchanged in April policy: BofA Securities

Despite spiralling inflation, the Reserve Bank is likely to hold all key rates and retain the accommodative stance at the forthcoming policy review later this week, a Wall Street brokerage has said. Bank of America Securities India in a pre-policy note on Monday said it expects the RBI-MPC to stay on hold on all rates on April 8 and retain its accommodative stance. But the central bank will be pushed to revise upwards its CPI inflation forecast due to supply-side issues even as downside risks to growth rise. The brokerage is also expecting the RBI to announce measures to ensure non-disruptive execution of the government borrowing programme, which has frontloaded the debt raising

by choosing to raise as much as 59.1 per cent or Rs 8.45 lakh crore of the full-year gross borrowing of Rs 14.3 lakh crore in the first half, which many feels will delay policy normalisation.

https://economictimes.indiatimes.com/news/economy/policy/rbi-to-remain-accommodative-leave-all-rates-unchanged-in-april-policy-bofa-securities/articleshow/90648049.cms?utm_source=ETTopNews&utm_medium=HPTN&utm_campaign=AL1&utm_content=23

PSU insurers lodge Covid insurance claims worth Rs 17,537 cr till Dec 2021

Public sector insurers lodged COVID-19 related health insurance claims worth Rs 17,537 crore till December 2021 and more than 93 per cent of the cases were settled, Parliament was informed on Monday. "Till December 31, 2021, 14.92 lakh COVID-19 health claims, of a total amount of Rs 17,537 crore, were lodged with public sector insurance companies, of which 93.3 per cent claims had been disposed of," Minister of State for Finance Bhagwat Karad said in a written reply to the Lok Sabha.

https://www.business-standard.com/article/finance/psu-insurers-lodge-covid-insurance-claims-worth-rs-17-537-cr-till-dec-2021-122040400603_1.html

Cryptocurrency exchanges feel pinch as India's new tax regime starts

Domestic cryptocurrency exchanges have witnessed a sharp fall in volumes on the first three days of April following the implementation of the new tax regime. The fall in volumes is between 15 and 55 per cent among various crypto exchanges. Even the number of visitors on these exchanges has fallen. Sidharth Sogani, CEO, CREBACO Global, a research and rating firm focused on the blockchain and crypto industry, said: "We observed a drop in volumes by up to 55 per cent compared to the volumes in March end, and also a drop of over 40 per cent in domain traffic on Indian exchanges.

https://www.business-standard.com/article/economy-policy/cryptocurrency-exchanges-feel-pinch-as-india-s-new-tax-regime-starts-122040300924_1.html

Industry

Cost of living rises in India as companies pass on higher prices

Indian manufacturers are running out of capacity to absorb rising input costs, with an increasing number passing it along to consumers in an economy already grappling with Asia's third-fastest inflation and an uneven recovery. Companies from the Indian units of Unilever Plc and Suzuki Motor Corp. to homegrown JSW Steel Ltd. are raising prices in response to the global supply squeeze made worse by the surge in energy costs following Russia's invasion of Ukraine. Higher retail fuel prices are also threatening to hurt demand just as the economy returned to its first full-year of growth after the pandemic-induced 6.6% contraction in the fiscal year ended March 2021. "Inflation remains unabated and is a cause of concern for the second year in a row," said Ankush Jain, chief financial officer at Dabur India Ltd., one of the nation's largest consumer-goods companies. As pressure on margins loom, Dabur plans to go for calibrated price increases, besides rolling out cost optimization measures to mitigate price pressures, he said.

<https://economictimes.indiatimes.com/news/india/cost-of-living-rises-in-india-as-companies-pass-on-higher-prices/articleshow/90632305.cms>

Hiring plans of India Inc at a two-year high in Q1: Report

Companies in India continue to firm up their hiring plans even while they keep a close watch on the developments surrounding the Russia-Ukraine war and its impact on inflation and rising input costs. The latest Teamlease Employment Outlook Report, shared exclusively with ET, shows that recruitment plans of companies in India is at a two-year high in April-June, the highest since the start of pandemic. The survey, which covered over 800 small, medium and large companies across 21 sectors and 14 cities, shows that 54% companies showed intent to hire for white-collar and blue-collar roles in the April-June quarter, up from 18% during the June and September quarters of 2020 and 34% in Q1 of 2021.

<https://economictimes.indiatimes.com/jobs/hiring-plans-of-india-inc-at-a-two-year-high-in-q1-report/articleshow/90650491.cms>

India M&A activity hits four-year high at \$30.3 billion in Jan-March: Refinitiv

Mergers & acquisitions (M&A) activity involving India witnessed a strong start in January-March 2022 at \$30.3 billion, which is at a four-year high, said a new report by Refinitiv, a LSEG business. This was a 5.6 per cent increase over M&A activity recorded in the same period last year and the highest first quarter period since 2018 (\$31.1 billion). Number of announced deals grew 29.6 per cent year-on-year and saw the busiest-ever period, the Refinitiv report showed.

<https://www.thehindubusinessline.com/economy/india-ma-activity-hits-four-year-high-at-303-billion-in-jan-march-refinitiv/article65290021.ece>

Indian job market shows sharp recovery in headcount in March, shows Qness data

The Indian job market witnessed a sharp recovery in March as “payroll headcount” grew 18.4% year-on-year amid removal of restrictions and pick-up in economic activity, according to data from AllSec Technologies, a Business Process Services (BPS) provider and a Qness company. The travel and hospitality sector, which was the worst affected due to Covid-induced lockdowns over the last two years, recorded a robust recovery with a 47.6% growth in payroll headcount in the month, showed the data. This stands in sharp contrast to the 48.7% decline in March 2021 versus March 2020. “We have seen an optimistic recovery pattern across industries this month...We are confident of seeing a positive trend in the months to come, keeping in mind the government’s push for job creation across sectors as seen in the Budget and the economic revival of the country,” said Ashish Johri, CEO, Allsec Technologies.

<https://economictimes.indiatimes.com/jobs/indian-job-market-shows-sharp-recovery-in-headcount-in-march-shows-ness-data/articleshow/90636196.cms>

Agriculture

Farmers may have to pay more for DAP, potash, complex fertilisers

The fertiliser industry is not hopeful of an increase in subsidies from last year’s level for non-urea crop nutrients despite global prices shooting up sharply. Several companies have increased the maximum retail price (MRP) of fertilisers, while some others are waiting for clarity. The recent farmers’ movement and the farm leaders’ unsuccessful dabbling in electoral politics is also seen as a factor for maintaining the subsidy at last year level.

<https://www.thehindubusinessline.com/economy/agri-business/farmers-may-have-to-pay-more-for-dap-potash-complex-fertilisers/article65289002.ece>

Livestock industry concerned over surging maize, soyameal prices

The livestock industry in the country is under pressure as the feed costs have gone up sharply over the last few weeks and its impact has begun to affect poultry farms. Some farms have begun to cut down their capacities as a result. Maize prices have surged to ₹25 a kg and soyameal rates have increased to ₹70 a kg. Both are used in the compound feed by the industry with maize making up 60 per cent of the compound feed.

<https://www.thehindubusinessline.com/economy/agri-business/livestock-industry-concerned-over-surging-maize-soyameal-prices/article65289341.ece>

Infrastructure

Residential sales in January-March attains 4-year high across top 8 cities: Report

The residential property markets across the country’s top 8 cities have seen sales in January-March attain a 4-year high despite the disruption created by the third wave of the Covid19 pandemic. The first quarter of the new year has seen quarterly sales touch a high of 78,627 residential units, up 9% from a year ago, while all the top markets saw a 1-7% rise in the average capital values of residential properties as demand continued to strengthen, showed a Knight Frank India report. The supply across these markets also kept pace with the rise in demand as new property launches were recorded at 78,171 units. Mumbai recorded the largest volume in sales at 21,548 units during the quarter and Delhi-NCR witnessed the highest on-year growth in sales volumes of new homes at 123%.

https://economictimes.indiatimes.com/industry/services/property/-/cstruction/residential-sales-in-january-march-attains-4-year-high-across-top-8-cities-report/articleshow/90637383.cms?utm_source=ETTopNews&utm_medium=HPTN&utm_campaign=AL1&utm_content=23

Telecom

5G auction to be held on schedule, within stipulated timeline: Ashwini Vaishnaw

The auction of 5G spectrum will be held on schedule and within the stipulated timeline, Minister for Communications Ashwini Vaishnaw said on Monday. His affirmation comes at a time when telecom regulator Trai's 5G recommendations on spectrum pricing and other nuances, which were widely expected to come by March-end, have spilled over by a few days to early April. Asked if 5G auction will be held as per schedule, Vaishnaw said, "absolutely". He was speaking to reporters on the sidelines of an event -- 2nd national conference on cyber crime investigation and digital forensics. The spectrum auctions are slated to be conducted in 2022, to facilitate the rollout of 5G mobile services within 2022-23, by private telecom providers.

<https://economictimes.indiatimes.com/industry/telecom/telecom-policy/5g-auction-to-be-held-on-schedule-within-stipulated-timeline-vaishnaw/articleshow/90638721.cms>

Energy

Coal supplies to non-power sector down 28% from FY20 levels

The coal supplied by mining companies to non-power sector (NPS) industries — steel, cement, sponge iron, and their captive power plants (CPPs) — during FY22 was the lowest in the last 10 years. This further reinforces the claim by these industries of a continuous decline in their share of the key commodity in favour of the power sector. Coal supplied to CPPs and the steel industry was at its second lowest level since FY12 while the despatch to the sponge iron sector was at the lowest, and that of cement was the third lowest.

<https://www.thehindubusinessline.com/economy/coal-supplies-to-non-power-sector-down-28-from-fy20-levels/article65290102.ece>

States

Karnataka: Power tariff goes up by 35 paise per unit, MSME units get relief

The Karnataka Electricity Regulatory Commission (KERC) on Monday approved an average increase of 35 paise per unit in power consumption charges, effective April 1. This marks an increase of 4.33%. The five electricity supply companies (Escoms) had sought an increase of Re 1.85 per unit. While electricity charges will go up by five paise per unit, the fixed charges will rise between Rs 10 and Rs 30 per HP/Kwh/KVA. The KERC has allowed a rebate of 50 paise per unit in the monthly energy consumption for one year for the MSME sector to help them overcome the adverse impact of Covid-19 pandemic.

<https://economictimes.indiatimes.com/industry/energy/power/karnataka-power-tariff-goes-up-by-35-paise-per-unit-msme-units-get-relief/articleshow/90646970.cms>

Healthcare

No increase effected by govt in medicine prices: Mansukh Mandaviya

Allaying concerns about any increase in prices of medicines, Health Minister Mansukh Mandaviya on Monday said the government has not effected any hike and only a few essential drugs that are linked to the wholesale price index and are as such priced very low may see some automatic rise or fall as per inflation trends. "There are some essential medicines linked to WPI that can see rise or fall automatically as per the WPI movement. These are drugs that are priced a few rupees and therefore, a 10 per cent WPI increase may lead to the price rising by a few paise," Mandaviya said. The government has no role in the price of these medicines and it has not effected any increase in prices and it has no plans to do so, he said.

<https://economictimes.indiatimes.com/news/india/no-increase-effected-by-govt-in-medicine-prices-mansukh-mandaviya/articleshow/90645244.cms>

External

India may get access to \$10-billion Australian government tenders

Indian and Australian companies may be able to bid in each other's central government tenders as the bilateral Economic Cooperation and Trade Agreement (ECTA) provides for negotiations, in a chapter on government procurement, to begin in the next 75 days. Officials said India is likely to get access to about \$10 billion worth of Australia's official procurement, pegged at \$60-65 billion annually. According to the trade pact signed on Friday, a chapter on digital trade will also be negotiated soon. The commerce and industry ministry will begin talks with other ministries on the issue, said officials. "Within 75 days after the date of signature of this agreement, the negotiation subcommittee shall commence negotiations on amendments to this agreement," said the ECTA.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-may-get-access-to-10-billion-australian-government-tenders/articleshow/90631268.cms>

India's trade deficit rises 88% to \$192.41 billion in FY22: Govt data

India's trade deficit rose 87.5 per cent to USD 192.41 billion in 2021-22 as against USD 102.63 billion in the previous year, the government data showed on Monday. While total exports during last fiscal year increased to a record high of USD 417.81 billion, imports too soared to USD 610.22 billion, leaving a trade gap of USD 192.41 billion. "India's merchandise import in April 2021-March 2022 was USD 610.22 billion, an increase of 54.71 per cent over USD 394.44 billion in April 2020-March 2021 and an increase of 28.55 per cent over USD 474.71 billion in April 2019-March 2020," said a release by Ministry of Commerce and Industry.

https://www.business-standard.com/article/economy-policy/india-s-trade-deficit-rises-88-to-192-41-billion-in-fy22-govt-data-122040400943_1.html

Sugar export may touch 85 lakh tonne this year: ISMA

India's sugar export may touch 85 lakh tonne in the ongoing 2021-22 marketing year ending September, as per the estimates of global trade houses, industry body ISMA said on Monday. While the country has contracted 72 lakh tonne of sugar export, the physical exports have been around 56-57 lakh tonne till March-end this year, it said. Sugar marketing year runs from October to September. Crushing operation is still on as 366 mills were operating till March-end, while 152 mills had stopped the crushing. Releasing the latest sugar production figures, Indian Sugar Mills Association (ISMA) said: "News from the international trade houses indicate that global market is expecting 85 lakh tonne of sugar exports from India, in the current season."

<https://economictimes.indiatimes.com/news/economy/agriculture/sugar-export-may-touch-85-lakh-tonne-this-year-isma/articleshow/90640807.cms>

India's March palm oil imports jump as Ukraine sunflower oil supply ceases

India's palm oil imports jumped 21% in March from the previous month as traders moved to secure alternatives to sunflower oil that can no longer be bought from Ukraine, four dealers told Reuters. A poor soybean crop in South America, meanwhile has limited India's ability to rely on that edible oil as a substitute for Ukrainian sunflower oil. Indian demand contributed to the palm oil price, as indicated by the futures contract, reaching an all-time record of 7,268 ringgit per tonne on March 9, although it has since fallen to 5,741 ringgit per tonne.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/indias-march-palm-oil-imports-jump-as-ukraine-sunflower-oil-supply-ceases/articleshow/90638769.cms>

Coffee exports up 42% to hit a record \$1.04 billion in FY22

India's coffee exports hit a new high during 2021-22, clocking over a billion dollars for the first time. This latest export milestone is notwithstanding the challenges such as higher freight rates and the ongoing Russia-Ukraine crisis impacting the shipments towards the end of the financial year.

<https://www.thehindubusinessline.com/economy/agri-business/coffee-exports-up-42-to-hit-a-record-104-billion-in-fy22/article65282604.ece>

Double taxation relief for Indian IT companies operating in Australia

In a major relief to Indian information technology (IT) companies operating in Australia, Canberra has agreed to amend its domestic laws to stop taxing offshore income of such Indian companies, as part of the free trade deal inked on Saturday. This may lead to savings up to \$200 million each year for over 100 Indian IT companies operating in Australia.

https://www.business-standard.com/article/economy-policy/double-taxation-relief-for-indian-it-companies-operating-in-australia-122040400008_1.html