



May 20, 2022 – Friday

Key Developments

Sebi streamlines process of trading in Right Entitlements on exchange platform

Capital markets regulator Sebi on Thursday streamlined the process of rights issue pertaining to minimum time period between closure of trading in Right Entitlements (RE) on stock exchange platform and closure of such issue. Under the new framework, trading in REs on the secondary market platform of stock exchanges will commence along with the opening of the issue and will be closed at least three days prior to the closure of the rights issue, according to a circular. Earlier, the requirement was four days. REs are traded on secondary market platform of stock exchanges, with T+2 (trading plus two) rolling settlement, similar to the equity share. The new framework will be applicable for all rights issues and fast track rights issue with immediate effect, the Securities and Exchange Board of India (Sebi) said.

<https://www.financialexpress.com/market/sebi-streamlines-process-of-trading-in-right-entitlements-on-exchange-platform/2530402/>

Economy

GST Council recommendations not binding on Centre and states: Supreme Court ruling may impact GST provisions

The Supreme Court has ruled that the GST Council recommendations are not binding on the Centre and the states, and are only 'persuasive, in a landmark judgement that may impact the landscape of GST provisions under judicial review. The Parliament and state legislatures possess equal powers to legislate on GST, the Supreme Court said, upholding the judgement of the Gujarat High Court in Ocean Freight matter in the case of Mohit Minerals. It is for the GST Council to suitably advise the Central government and the state governments, the Supreme Court bench led by Justice DY Chandrachud said. The Supreme Court's judgement clarifies that GST Council is an informal body whose inputs should be taken into account, but it does not have a legislative power and laws have to be legislated by the bodies who are empowered to do so ie the Parliament and the state legislative assemblies, S R Patnaik, Partner & Head – Taxation, Cyril Amarchand Mangaldas said. "The Courts would now have to be more proactive in the judicial review of GST legislation with the Apex Court clarifying that that decisions of the GST Council are not law and they are mere recommendations," Patnaik added.

<https://www.financialexpress.com/economy/gst-council-recommendations-not-binding-on-centre-and-states-supreme-court-ruling-may-impact-gst-provisions/2530711/>

India's economic growth likely to be robust at 8.9% in current fiscal: FM at NDB

India's economic growth is likely to be robust at 8.9 per cent in the current financial year, reflecting the country's strong resilience and speedy recovery, Finance Minister Nirmala Sitharaman said on Thursday. Sitharaman also expressed confidence that India will continue to achieve a high growth rate in the next financial year as well, the finance ministry said in a statement. Addressing the 7th Annual Meeting of the Board of Governors of New Development Bank (NDB) via video conferencing, she underscored the importance of multilateralism and the spirit of global cooperation for economic recovery. The minister acknowledged that NDB has successfully established itself as a reliable development partner for emerging market economies and appreciated the progress made towards setting up the India Regional Office in GIFT City in Gujarat.

<https://economictimes.indiatimes.com/news/economy/policy/indias-economic-growth-likely-to-be-robust-at-8-9-in-current-fiscal-fm-at-ndb/articleshow/91673100.cms>

Banking and Finance

Bank credit grows 10.82 pc; deposits rise 9.71 pc: RBI data

Bank credit grew by 10.82 per cent to Rs 120.46 lakh crore and deposits by 9.71 per cent to Rs 166.95 lakh crore in the fortnight ended May 6, 2022, RBI data showed. In the fortnight ended May 7, 2021, bank advances stood at Rs 108.70 lakh crore and deposits at Rs 152.16 lakh crore, according to the RBI's scheduled banks' statement of position in India as on May 6, released on Thursday. Bank advances rose by 10.07 per cent to Rs 119.54 lakh crore and deposits by 9.84 per cent to Rs 166.24 lakh crore in the previous fortnight ended April 22, 2022.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/bank-credit-grows-10-82-pc-deposits-rise-9-71-pc-rbi-data/articleshow/91672310.cms>

RBI asks for option of interoperable card-less cash withdrawal at ATMs

The Reserve Bank of India (RBI) on Thursday asked banks, ATM networks, white label ATM operators, and the National Payments Corporation of India (NPCI) to provide the option of interoperable card-less cash withdrawal at cash machines. The RBI, after its April monetary policy committee meeting, announced the introduction of interoperable card-less cash withdrawal facility across all banks and all ATM networks. In the circular issued on Thursday, the central bank said the NPCI has been advised to facilitate Unified Payments Interface (UPI) integration with all banks and ATM networks. Essentially, UPI would be used for customer authorisation in such transactions, while settlement would be through the National Financial Switch (NFS) / ATM networks.

https://www.business-standard.com/article/finance/rbi-asks-for-option-of-interoperable-card-less-cash-withdrawal-at-atms-122051901289_1.html

SEBI readies framework for SPAC listing in India

Soon India may have its own version of a “blank cheque company.” Like in the US, market regulator SEBI is likely to allow the listing of Special Purpose Acquisition Companies (SPAC). SEBI told the Parliamentary Standing Committee on Finance that it was deliberating on the framework of SPACs in Indian capital markets and a committee, which was set-up to look into it, is in the process of finalising its report.

<https://www.thehindubusinessline.com/markets/sebi-readies-framework-for-spac-listing-in-india/article65430748.ece>

Industry

Steel mills slow down orders to Europe as they exhaust export quotas

Indian steel mills have been witnessing a slow down in exports to Europe – one of the key markets it tapped in January to March period of this year – on account of a fall in prices and having exhausted their quota. Trade sources told BusinessLine that the mills have also exhausted their quota, for exports, in the April to June period, for downstream products – cold rolled coils, galvanised, colour coated; while in categories like hot rolled oils (HRCs) and rebars, it is nearing exhaustion. During the period, the quotas were revised for India to around 273,200 tonne (up around 39 per cent over January-March 2022) for HRCs, while those of cold rolled coils stand at around 86,600 tonne (1 per cent up). For Q1 CY22, the quota allocation for HRCs stood around 166,000 tonnes, cold rolled coils around 147,656 tonne and quarto plates at 49,127 tonne.

<https://www.thehindubusinessline.com/companies/steel-mills-slow-down-orders-to-europe-as-they-exhaust-export-quotas/article65429959.ece>

As funding dries up, start-up layoffs are on the rise

With the funding environment deteriorating, even well-funded start-ups have started downsizing their teams. The latest is Cars24, which has laid off 600 employees, citing performance-related issues. This follows layoffs at several other start-ups, including some well-known Unicorns in the recent past. However, experts feel the trend of companies rationalising their business verticals and burn rates by trimming down their workforce is likely to not only continue but may accelerate in the near future. Start-up investors also said that the lack of funds may even result in

consolidation and an increase in demand for venture debt. In the past few months, almost 2,594 employees have been laid off across multiple start-ups, including unicorns such as Cars24, Unacademy, Meesho, and Vedantu, according to a BL estimate.

<https://www.thehindubusinessline.com/companies/as-funding-dries-up-start-up-layoffs-are-on-the-rise/article65430626.ece>

India Inc improves ESG compliance: CRISIL

Indian companies have improved their standard in complying with environmental, social and governance (ESG) norms, according to ratings company Crisil. An ESG risk assessment of 586 Indian companies across 53 sectors, based on fiscal 2021 data, indicates an improvement in the ESG scores of a majority of them compared with the previous year, driven by better disclosures and improved performance on various parameters, it said. "Leaders on ESG have demonstrated a clear commitment towards sustainability, and have consistently delivered superior performance," Crisil managing director Amish Mehta said. In contrast, those in the 'weak' and 'below-average' categories have poor disclosures and inadequate ESG risk-management practices, he said.

<https://economictimes.indiatimes.com/news/company/corporate-trends/india-inc-improves-esg-compliance-crisil/articleshow/91666206.cms>

India sees 4 million-plus PC shipments for the third consecutive quarter: IDC

The India traditional PC market, inclusive of desktops, notebooks, and workstations, delivered another strong quarter (Jan-Mar 2022) shipping over 4.3 million units with a y-o-y growth of 37.7%, according to data from the International Data Corporation (IDC) Worldwide Quarterly Personal Computing Device Tracker. While the notebook category continued to be the volume driver with 3.1 million units, the desktop category saw more than a million units for the first time since Q3 2014. A recovery in the government segment and a channel inventory push from the vendors helped the market to remain upbeat. The demand for PCs continued to stay strong across segments as people continued to procure PCs for remote learning and working. With the financial year-end in Q1 (Jan-Mar), the government segment witnessed a significant recovery. Enterprise and SME buying remained upbeat and grew 47.2% and 31.7% y-o-y, respectively.

<https://www.thehindubusinessline.com/companies/india-sees-4-million-plus-pc-shipments-for-the-third-consecutive-quarter-idc/article65430466.ece>

Agriculture

Indian wheat prices rebound from fall after export ban

Indian wheat prices have begun to rebound from the fall witnessed soon after the Government banned exports. The Food Corporation of India (FCI) has, on the other hand, managed to procure over one lakh tonnes of wheat only after the curbs were imposed. The weighted average modal price of wheat has, at Agricultural Produce Marketing Committee (APMC) yards, increased to ₹2,080 a quintal on Thursday (May 19) from ₹2,066 on May 15, a day after the Centre banned shipments of the grain. Wheat prices in private trade have dropped by as much as ₹400 a quintal at Gondal in Gujarat to as low as ₹5 at Hardoi in Uttar Pradesh. Wheat is also offered by some private traders at ₹2,175 a quintal for cash payment in seven days with the consignment being delivered in five days.

<https://www.thehindubusinessline.com/economy/agri-business/indian-wheat-prices-begin-to-rise-despite-export-ban/article65430905.ece>

Govt sees 3 pc fall in wheat output at 106.41 million tonnes in 2021-22

The country's wheat output is estimated to drop by about 3 per cent to 106.41 million tonnes in the 2021-22 crop year (July-June) from the previous year, agriculture ministry said in its latest estimate released on Thursday. The production is, however, lower by 4.61 per cent from the earlier estimate of 111.32 million tonnes projected for the 2021-22 crop year, the data showed. Wheat production stood at a record 109.59 million tonnes in the 2020-21 crop year. Agriculture secretary Manoj Ahuja had last week attributed the the fall in wheat production to lower crop yields, mainly in Punjab and Haryana due to the heat wave. He had also indicated wheat production could decline to 105-106 million tonnes this year. According to the third advance estimate of foodgrains production released by the ministry, besides wheat, a marginal fall is expected in cotton and coarse cereals output. In case of other foodgrains and cash crops, the production figures are higher than the previous year.

<https://www.financialexpress.com/economy/govt-sees-3-pc-fall-in-wheat-output-at-106-41-million-tonnes-in-2021-22/2531421/>

Centre decides to lift price capping on raw jute

The government on Thursday said it has decided to lift the price cap of Rs 6,500 per quintal on raw jute from May 20 this year. It is expected that the cap removal will help the farmers, mills and jute MSME sector, wherein over 7 lakh people are dependent on the jute trade in addition to about 40 lakh jute farmers, the textiles ministry said. Jute Commissioner Office has been collecting the information about the raw jute prices through formal and informal sources and it has found that the present prices are ruling near the capped price, it said. "As the existing prices of raw jute are ruling around Rs 6,500 (per quintal), Government of India has taken a dynamic decision to lift the price capping w.e.f. 20th May, 2022," it said.

<https://www.financialexpress.com/industry/centre-decides-to-lift-price-capping-on-raw-jute/2531349/>

Energy

Union ministry asks 6 states to clear dues to power stations, Coal India

The union power ministry has asked six states to clear dues they owe to power generating stations and national miner Coal India Limited (CIL). Alok Kumar, secretary at the ministry, in a letter said the inability of utilities to pay for dues against electricity dispatched and the coal received is "increasing the electricity supply side concerns to unprecedented levels." The letter has been sent to Uttar Pradesh, Tamil Nadu, Madhya Pradesh, Jammu and Kashmir, Maharashtra, and Rajasthan, states which have the highest dues among all. Tamil Nadu is the biggest defaulter with Rs 20,842 crore dues to the gencos and Rs 700 crore to CIL. It is followed by Maharashtra with Rs 18,000 crore dues to gencos and Rs 2,500 crore to CIL. UP owes Rs 9,000 crore to gencos and Rs 300 crore to CIL.

https://www.business-standard.com/article/economy-policy/union-ministry-asks-6-states-to-clear-dues-to-power-stations-coal-india-122051901428_1.html

Centre does away with bank guarantee clause for solar power generators under PM-KUSUM

In a bid to improve the poor performance of its rural solar power initiative, the Ministry of New and Renewable Energy (MNRE) has removed the clause of providing performance bank guarantee (PBG) of ₹5 lakh per megawatt (MW) for solar power generators under the PM-KUSUM scheme. The move to improve the performance of PM-KUSUM assumes importance as the Centre, in February 2022, wanted to replace diesel with renewable energy (RE) in the farm sector to make it diesel-free by 2024. In December 2021, the International Energy Agency (IEA) said PM-KUSUM is likely to fall short of its target of setting up 31 gigawatt (GW) of solar power by 2022 due to financing and implementation challenges. The Paris-based agency expects only 10 GW, or roughly one-third capacity, of the total to come online by 2021-26.

<https://www.thehindubusinessline.com/companies/centre-does-away-with-bank-guarantee-clause-for-solar-power-generators-under-pm-kusum/article65430295.ece>

Infrastructure

Amritsar-Jamnagar expressway to be completed by Sep 2023: Gadkari

The Amritsar-Jamnagar greenfield corridor will be completed by September 2023, said Highways Minister Nitin Gadkari on Thursday. It will connect industrial belts in four states and help logistics. "Bikaner to Jodhpur section of 277 kilometres (km) is targeted to be completed and opened to public by the end of this year," the minister said on social media. The 1224-km highway is being developed at a cost of Rs 26,000 crore by the National Highways Authority of India (NHAI). It is a part of the government's ambitious Bharatmala programme, under which 22 expressways are being built to connect industrial and commercial cities through an integrated road network. The expressway will connect the economic towns of Amritsar, Bhatinda, Sangaria, Bikaner, Sanchore, Samakhiali and Jamnagar across the four states of Punjab, Haryana, Rajasthan and Gujarat, the ministry of road transport and highways said, adding that there will also be enhanced connectivity to key ports such as Kandla.

https://www.business-standard.com/article/economy-policy/amritsar-jamnagar-expressway-to-be-completed-by-sep-2023-gadkari-122051901396_1.html

Niti Aayog suggests development of a comprehensive economic vision for Indian cities

Niti Aayog has proposed relaxation of building bye laws to spur the availability of land and direct benefit transfer schemes such as rental housing vouchers for economically weaker sections as it aims to tap the economic potential of all cities, big or small, through planned urbanization. "As India transitions from being a largely rural to an urban society, the focus needs to be on harnessing the economic potential of all cities, large and small, including the Tier 2 and 3 cities to take on the mantle in the future. This requires that cities be managed appropriately," the Aayog said in its report, Cities as Engines of Growth, jointly prepared with the Asian Development Bank.

<https://economictimes.indiatimes.com/industry/services/property/-/cstruction/niti-aayog-suggests-development-of-a-comprehensive-economic-vision-for-indian-cities/articleshow/91669321.cms>

Healthcare

'Made in India' skin test for tuberculosis to be introduced soon: Mandaviya

A newly approved skin test for tuberculosis diagnosis will soon be introduced in the country, Union Health Minister Mansukh Mandaviya said on Thursday, underlining that the cost-effective kit made in India will be of immense benefit to other high burden countries as well. Emphasizing on boosting TB prevention activities, Mandaviya said, "Starting later this year, we will introduce a newly approved made in India TB infection skin test called c-TB." He further said this cost-effective tool would be of immense benefit to other high burden countries.

https://www.business-standard.com/article/current-affairs/made-in-india-skin-test-for-tuberculosis-to-be-introduced-soon-mandaviya-122051901343_1.html

States

Kerala sees significant jump in hiring trends: apna.co

Kerala has emerged as a popular destination for job seekers with employers actively hiring for different sectors, says apna.co – India's largest jobs and professional networking platform. Kochi witnessed 61 per cent of the total job interviews, followed by Thiruvananthapuram, Kannur, and Malappuram. According to the portal, the State has observed a 3x increase in the number of users since the last quarter. With more than 198,000 new users added from Kerala in 2022, apna.co continues to be the State's favourite professional networking destination,. Aiming to connect job seekers with hyper-local jobs of their choice, apna.co has enabled around 90,000 job interviews each month.

<https://www.thehindubusinessline.com/info-tech/kerala-sees-significant-jump-in-hiring-trends-apnaco/article65429882.ece>

External

RBI allows settlement of trade transactions with Sri Lanka in INR

In view of difficulties being faced by exporters in getting payments from crisis-hit Sri Lanka, the RBI on Thursday allowed settlement of trade transactions in Indian rupee outside the Asian Clearing Union (ACU) mechanism. In March, the government had guaranteed a term loan of USD 1 billion extended by the State Bank of India (SBI) to Sri Lanka for financing purchase of essential goods by the island nation from India. "In view of the difficulties being experienced by exporters in receipt of export proceeds from Sri Lanka and SBI's credit facility...it has been decided that such trade transactions with Sri Lanka, falling under the said arrangement, may be settled in INR outside the ACU mechanism," the RBI said in a circular. Under the arrangement, financing of export of eligible goods and services from India would be allowed subject conditions and whose purchase may be agreed to be financed by SBI under the agreement.

<https://www.financialexpress.com/economy/rbi-allows-settlement-of-trade-transactions-with-sri-lanka-in-inr/2531361/>

India considers allowing wheat shipments trapped at ports

India is considering allowing traders to ship out some of their wheat sitting at ports after a sudden ban on exports of the grain prevented dealers from loading cargoes, trade and government sources said on Thursday. New Delhi banned wheat exports on Saturday, as an intense heat wave hit output and domestic prices hit a record high. The

administration of Prime Minister Narendra Modi is looking into the demands of wheat traders, government sources familiar with the matter told Reuters.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-considers-allowing-wheat-shipments-trapped-at-ports/articleshow/91669813.cms>

Sugar exports up 64 per cent to 71 lakh tonnes during Oct'21-Apr'22 period: ISMA

Sugar exports have risen by 64 per cent to 71 lakh tonnes during October 2021-April 2022 period on better demand for the Indian sweetener in global markets, according to industry body ISMA. In a statement, Indian Sugar Mills Association (ISMA) said that 43.19 lakh tonnes of sugar was exported during the corresponding period of the last year. "As per port information and market reports, over 85 lakh tonnes of contracts for export of sugar have already been entered into so far. Out of this, around 71 lakh tonnes of sugar have been physically exported out of the country till end of April 2022," ISMA said in a statement. ISMA said it expects over 90 lakh tonnes of export in the current 2021-22 marketing year, as against 71.91 lakh tonnes exported in the previous year.

<https://www.financialexpress.com/economy/sugar-exports-up-64-per-cent-to-71-lakh-tonnes-during-oct21-apr22-period-isma/2531068/>

Rising cotton, yarn prices may hit apparel exports target: AEPC chairman

The unabated surge in prices of cotton and cotton yarn may affect the country's apparel exports target of USD 19-20 billion during the current fiscal, AEPC chairman Narendra Goenka said on Thursday. He said that the prices have jumped by about 125-130 per cent during the last 18 months and one of the reasons for that would be "unchecked" exports of cotton and cotton yarn. He suggested the government to impose a temporary ban on exports of cotton and cotton yarn like Indonesia has done for its palm oil. "In 2021-22, the exports were USD 16 billion and we are targeting USD 19-20 billion this fiscal. But because of the price rise, it looks to be a concern on achieving the target. The industry is facing a big challenge at the raw material front," Goenka said. He added that if the price rise does not stop, global customers would start looking at sourcing options other than India.

<https://www.financialexpress.com/industry/rising-cotton-yarn-prices-may-hit-apparel-exports-target-aepc-chairman/2531204/>

Indonesia lifts ban on cooking oil export as supply improves

Indonesia said Thursday it will lift a monthlong ban on palm oil export, citing improvements in the supply and domestic price of bulk cooking oil. President Joko Widodo said exports will resume on Monday. Palm oil prices went up 200 per cent or higher after Indonesia banned the export of cooking oil and its raw materials to reduce local shortages and hold down skyrocketing prices. Widodo said in a news conference that his government was planning to lift the ban if the price of bulk cooking oil reached 14,000 rupiah (\$0.96) per liter. He said it still has not reached the target but he expects it to drop further in the next few weeks as more palm oil becomes available.

<https://www.financialexpress.com/market/commodities/indonesia-lifts-ban-on-cooking-oil-export-as-supply-improves/2531309/>