



May 27, 2022 – Friday

### Key Developments

#### **Govt relaxes norms for ministries in bid to push public expenditure**

In a bid to push public expenditure, the government has relaxed norms for ministries and department to utilise unspent amounts in the subsequent quarter in the same financial year. Ministries or departments are now permitted to utilise the unspent balances from Quarterly Expenditure Plan (QEP) for the first and second quarter within a financial year under intimation to the Budget Division for cash management purposes, according to an office memorandum issued by the Budget Division of the Finance Ministry. Unspent balances from QEP-2 and QEP-3 may be utilised in QEP-3 and QEP-4 respectively only after formal and prior approval of the Expenditure Secretary has been obtained, it added. "Ministry/Department should not under any circumstance presume prior approval of Expenditure Secretary. This has to be formally obtained prior to utilising the unspent balances. Seeking post facto approval is not an option," as per the memorandum dated May 25, 2022.

<https://www.financialexpress.com/economy/govt-relaxes-norms-for-ministries-in-bid-to-push-public-expenditure/2538969/>

### Economy

#### **Manufacturing investments rose in FY20 as rent, profits, interest paid fell**

Manufacturing sector investments grew 20% in 2019-20 over the previous fiscal even as the rent payout, interest paid and profits fell. As per the provisional Annual Survey of Industries (ASI) released by the Ministry of Statistics and Programme Implementation for FY20, gross fixed capital formation (GFCF), was Rs 4.15 lakh crore compared to Rs 3.44 lakh crore in FY9. There was a 1.7% increase in the number of factories in the country. Employment in the corporate sector, which includes public and private government and non-government companies, increased 5.5% to 97.03 lakh in 2019-20. ASI, the principal source of industrial statistics in India, is the most comprehensive data on organised manufacturing. It covers all factories employing 10 or more workers using power and those employing 20 or more workers without using power.

<https://economictimes.indiatimes.com/news/economy/finance/manufacturing-investments-rose-in-fy20-as-rent-profits-interest-paid-fell/articleshow/91815982.cms>

#### **Govt forms advisory board to achieve \$300-billion electronics manufacturing target by 2026**

The Ministry of Electronics and Information Technology (MeitY) has formed an advisory board on making India a \$300 billion electronics manufacturing hub by 2026. Called the "Digital India Electronics Mission \$300 Billion", the board is composed of members from major local and multinational electronics brands and industry bodies. It succeeds a fast tracked task force set up in December 2014, that focused only on smartphone manufacturing. With the new group, the ambit has been expanded to include other categories like IT hardware, wearables, LED lights, etc. In a circular shared by the ministry, seen by ET, there are 10 members in the advisory group, led by Amitesh Kumar Sinha, joint secretary, electronics, MeitY. The group also has Pankaj Mohindroo, Chairman, ICEA and top executives from Lava, Samsung, Apple, HP, Dell, Foxconn, Intel and Coconics.

<https://economictimes.indiatimes.com/news/economy/policy/govt-forms-advisory-board-to-achieve-300-billion-electronics-manufacturing-by-2026/articleshow/91810521.cms>

#### **Labour participation rate higher in rural India: CMIE**

Economic research think-tank Centre for Monitoring Indian Economy (CMIE) has estimated that labour participation rate (LPR) was higher in rural India during the period January to April 2022. LPR, defined as the number of persons of the labour force employed as a percentage of working age population, is 40.9 in rural India as compared to 37.4 in urban India during the period January to April 2022. According to CMIE, the percentage of LPR among urban male is much higher at 64.2 per cent as against 6.7 per cent among urban female. During the period unemployment rate in India was 7.43 per cent, with 7.8 per cent in urban India and 7.2 per cent in rural areas. According to CMIE, state-wise LPR is the highest in Meghalaya at 60.1 per cent, followed by 52.5 per cent in Tripura and the least in Uttarakhand at 30.9 per cent. LPR in West Bengal during the period stood at 44.6 per cent, almost at par with Assam at 44.5 per cent, it added.

<https://www.financialexpress.com/economy/labour-participation-rate-higher-in-rural-india-cmie/2539020/>

#### **SBI economists peg Q4 GDP growth at 2.7 pc, FY22 expansion at 8.5 pc**

Upcoming release of official data for economic performance is likely to register a 2.7 per cent growth for the January-March period, and the FY22 growth is expected to be 8.5 per cent, economists at SBI said on Thursday. They were, however, quick to add that it is difficult to comprehend the numbers due to the spate of revisions that we have seen till now and termed this situation as a forecaster's nightmare. "We ...believe the GDP projection for Q4 FY22 is clouded by significant uncertainties. For example, even a one per cent downward revision in Q1 GDP estimates of FY22 from 20.3 per cent, all other things remaining unchanged, could push Q4 GDP growth to 3.8 per cent," they noted. The Central Statistics Office (CSO) had projected Q4 GDP at Rs 41.04 lakh crore and FY22 real GDP growth at Rs 147.7 lakh crore, an improvement of 1.7 per cent over pre-pandemic levels, they said, adding that the 'SBI Nowcasting model' with an unchanged quarterly numbers pegs the growth rate of Q4GDP at Rs 40 lakh crores, that is lower by Rs 1 lakh crore from the CSO preliminary projections.

<https://www.financialexpress.com/economy/sbi-economists-peg-q4-gdp-growth-at-2-7-pc-fy22-expansion-at-8-5-pc/2538891/>

#### **Moody's cuts India GDP growth forecast, says inflation will eat into economy**

Moody's Investors Service on Thursday slashed India's economic growth projection to 8.8 per cent for 2022 from 9.1 per cent earlier, citing high inflation. In its update to Global Macro Outlook 2022-23, Moody's said high-frequency data suggests that the growth momentum from December quarter 2021 carried through into the first four months this year. However, the rise in crude oil, food and fertilizer prices will weigh on household finances and spending in the months ahead. Rate hike to prevent energy and food inflation from becoming more generalized will slow the demand recovery's momentum, it said. "We have lowered our calendar-year 2022 growth forecast for India to 8.8 per cent from our March forecast of 9.1 per cent, while maintaining our 2023 growth forecasts at 5.4 per cent," Moody's said.

<https://www.financialexpress.com/economy/moodys-cuts-india-gdp-growth-forecast-says-inflation-will-eat-into-economy-check-revised-estimate/2538592/>

### **Banking and Finance**

#### **RBI reduces minimum networth norm for non-bank Bharat Bill Payment Operating Units**

The Reserve Bank of India (RBI) has reduced the minimum networth requirement for non-bank Bharat Bill Payment Operating Units (BBPOUs) from ₹100 crore to ₹25 crore. This move is aimed at facilitating greater penetration of bill payments through Bharat Bill Payment System (BBPS) and to encourage participation of a greater number of non-bank Bharat Bill Payment Operating Units (BBPOUs) in BBPS. BBPS is an RBI-conceptualised system driven by the National Payments Corporation of India (NPCI) that offers interoperable and accessible bill payment service to consumers via digital (bank channels), as well as through a network of agents and bank branches.

<https://www.thehindubusinessline.com/money-and-banking/rbi-reduces-minimum-networth-norm-for-non-bank-bharat-bill-payment-operating-units/article65464236.ece>

### **RBI to hike repo rate by 50 basis points, lower FY23 growth to 7 pc in June review: Barclays**

The Reserve Bank will opt for a larger, 0.50 per cent, hike in key rates at its next monetary policy review in June to protect medium term economic stability in face of the uncomfortable inflation situation, a British brokerage said on Thursday. The central bank will likely revise its inflation estimate to 6.2-6.5 per cent, which is way above the upper end of its tolerance band of 2-6 per cent, the economists at Barclays said. The central bank will likely revise its inflation estimate to 6.2-6.5 per cent, which is way above the upper end of its tolerance band of 2-6 per cent, the economists at Barclays said. Bajoria said his calculation of higher threshold inflation and lower trend inflation could give RBI some room to look through the current inflation spike. He said the "main challenge" for the RBI is to balance upside risks to inflation with downside risks to growth.

<https://www.financialexpress.com/economy/rbi-to-hike-repo-rate-by-50-basis-points-lower-fy23-growth-to-7-pc-in-june-review-barclays/2539084/>

## **Industry**

### **Govt mulls scrapping requirement of forest clearance for exploration of blocks**

The mines ministry has proposed to do away with the requirement of obtaining forest clearance for exploration of mineral blocks, a move that would lead to auction of more mines and augment the country's mineral output. The proposal requires further amendments in the Mines and Minerals (Development and Regulation) Act and the ministry has sought comments from the stakeholders on the proposed changes. "Accordingly, a provision may be inserted in the MMDR Act to provide that any reconnaissance or prospecting operations undertaken within the period specified in MMDR Act in a forest land shall not be considered as diversion of forest land for non-forest purpose under the Forest Conservation Act, 1980," the ministry said in a note. In a bid to enable auction of more blocks and to enhance production of minerals, more exploration is required to be conducted, the note said.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/metals-mining/govt-mulls-scrapping-requirement-of-forest-clearance-for-exploration-of-blocks/articleshow/91813006.cms>

### **Mobile, fridge, TV makers slash output targets till July**

Companies that make mobile phones, televisions and refrigerators have started cutting production targets till July by 10% on slowing demand due to repeated price increases, multiple industry executives said. Almost all mobile phone makers have altered their production plans, while consumer electronic companies are currently finalising plans depending on their inventory level, they said. "Mobile phone sales are down by roughly 30% in the year-to-date period, hence the industry is cutting down on production by 10% than what was initially planned," said Pradeep Jain, managing director of Jaina Group, which manufactures smartphones for several top brands besides retailing its own Karbonn brand. "Companies are focused on liquidating stock," he said. The managing directors of two leading electronics contract manufacturers, requesting anonymity, said their mobile phone clients and even lighting products customers were taking similar steps.

<https://economictimes.indiatimes.com/industry/services/retail/mobile-fridge-tv-makers-slash-output-targets-till-july/articleshow/91823115.cms>

## **Agriculture**

### **India will ramp up foodgrain production, committed to help in global food crisis: Mansukh Mandaviya**

As the world faces a severe food crisis due to the war in Ukraine, Union Health Minister Mansukh Mandaviya on Thursday said India is a responsible country that is committed to all possible help to the rest of the globe. "However, with such a big population, our own need for foodgrains is much higher. However, we will ramp up our production and it is my humble request that all other countries should also do the same and all responsible countries should come together to tackle the food crisis," the minister said at the World Economic Forum Annual Meeting here. "India is a responsible country and is committed to provide all help that may be required. The Indian philosophy of the whole world being one family saw India helping the rest of the world with medicines and vaccines even during the lockdowns," he said in reply to a question on fears of famine, especially in Africa. "India is a big country with huge diversity and almost half the population depends on farming. We are taking a number of initiatives so that farmers get fertilisers at cheaper rates and also they get the information digitally on soil health etc.

<https://www.financialexpress.com/economy/india-will-ramp-up-foodgrain-production-committed-to-help-in-global-food-crisis-mansukh-mandaviya/2538935/>

#### **Dairy sector to see 11-12 pc revenue growth in FY23 aided by value-added products: Report**

India's organised dairy sector is likely to achieve 11-12 per cent revenue growth this financial year, the second straight year of double-digit growth, mainly driven by healthy demand for value-added products (VAP), according to a report. Revenue growth of the organised dairy sector this financial year will be a notch below the last fiscal's 13 per cent growth, according to the report by Crisil Ratings. This revenue growth will be driven by a healthy demand for VAP (28 per cent of overall sales), even as sales of liquid milk stays steady and the full-year benefit of retail price hikes implemented last fiscal is realised, it noted. Within VAP, strong recovery is expected in the demand for ice cream, curd and flavoured milk, the report stated. However, operating profitability would moderate to 5 per cent this fiscal, because of a rise in procurement prices as well as transportation and packaging costs. The improved operating performance, along with adequately managed balance sheets and better control over working capital will support a revival in the capex plans of dairies and yet keep their credit outlooks 'stable'.

<https://www.financialexpress.com/industry/dairy-sector-to-see-11-12-pc-revenue-growth-in-fy23-aided-by-value-added-products-report/2539035/>

### **Infrastructure**

#### **Centre proposes mandating use of cost saving techniques to build highways**

The Road transport ministry has proposed mandating highway builders to opt for cost saving value engineering techniques. "It has been established that the savings realized by undertaking value engineering exercises can be in the order of 10-15 per cent of the cost of the originally designed project," a notice from the transport ministry said while citing a World Bank report on the Indian Road Construction Industry. It is being proposed that value engineering shall be assigned as one of the task in the Terms of Reference (ToR) for Feasibility Study and Detailed Engineering Projects. In Inception Report itself there shall be a Chapter regarding Value Engineering, in which Consultant shall include the potential and project specific value engineering aspects identified by the respective domain experts based on site reconnaissance surveys.

<https://economictimes.indiatimes.com/news/economy/infrastructure/centre-proposes-mandating-use-of-cost-saving-techniques-to-build-highways/articleshow/91815359.cms>

#### **Airlines upbeat as business travel rebounds after a 2-year lull in pandemic**

Business travel, which had taken a backseat due to successive waves of Covid-19 pandemic, is now on an upswing. IndiGo, which is the country's largest domestic airline, has seen a complete recovery in corporate travel in April and May. Online travel companies too have registered strong growth in the segment with easing of pandemic restrictions and opening of offices. In March we had 64 per cent recovery in corporate travel compared to pre-Covid level. In April and May we have seen corporate travel back at pre-Covid level. Infact, the traffic is even higher. Going forward we are quite bullish about the business recovery," IndiGo's chief strategy and revenue officer Sanjay Kumar told analysts in a post result conference call on Wednesday.

[https://www.business-standard.com/article/economy-policy/airlines-upbeat-as-business-travel-rebounds-after-a-2-year-lull-in-pandemic-122052601467\\_1.html](https://www.business-standard.com/article/economy-policy/airlines-upbeat-as-business-travel-rebounds-after-a-2-year-lull-in-pandemic-122052601467_1.html)

### **Energy**

#### **Govt invokes emergency clause to allow compensation for 32 Gw domestic coal based plants**

The government has invoked an emergency clause to allow compensation to 32 Gw domestic coal-based power projects for higher costs due to blending of imported coal till March next year. Power purchase agreements between these plants and the distribution companies have been signed for upto 25 years based on tariff-based competitive bidding under Section 63 of the Electricity Act and do not allow higher prices. The direction issued on Thursday under Section 11 of the Electricity Act said that coal imports for blending by power plants are not the level mandated by the government due to lack of clarity on compensation. It said the coal reserves continue to dip.

<https://economictimes.indiatimes.com/industry/energy/power/govt-invokes-emergency-clause-to-allow-compensation-for-32-gw-domestic-coal-based-plants/articleshow/91817483.cms>

### **India's coal crunch adds to import cost woes**

India's coal woes show no sign of abating, with lower domestic supply expected to boost the need for imports, with this likely to keep seaborne prices at elevated levels. India cut the amount of coal domestic power plants can expect to receive in June by 11.1%, with utilities now forecast to get 56.2 million tonnes, down from an earlier estimate of 63.3 million tonnes. The power ministry also called for higher imports to meet the shortage of domestic supplies, according to a ministry document reviewed by Reuters. This means that India is likely to try to boost imports further, even though prices for many seaborne grades of coal are still close to record levels.

<https://economictimes.indiatimes.com/industry/energy/power/indias-coal-crunch-adds-to-import-cost-woes/articleshow/91814832.cms>

### **States**

#### **Yogi's new govt presents first budget, says UP set to become \$1-trn economy**

The Yogi Adityanath government on Thursday presented the maiden budget of its second term in Uttar Pradesh, claiming that it is on the way to turning the state into a USD 1 trillion economy in the coming years. The Rs 6.15 lakh crore budget for 2022-23 -- up from Rs 5.5 lakh crore last year --- sets aside Rs 39,000 crore for welfare schemes, the government said. In the current financial year the BJP-led UP government will spend Rs 1,500 crore on a youth empowerment scheme, Rs 1,000 crore on a scheme to develop small irrigation projects and Rs 650 crore to help farmers and their families if the breadwinner meets with an accident. A big ticket item is the Centre-initiated Jal Jeevan Mission. The UP government has earmarked Rs 19,500 crore this year to provide drinking water in water-scarce regions under the scheme.

[https://www.business-standard.com/article/economy-policy/yogi-s-new-govt-presents-first-budget-says-up-set-to-become-1-trn-economy-122052601455\\_1.html](https://www.business-standard.com/article/economy-policy/yogi-s-new-govt-presents-first-budget-says-up-set-to-become-1-trn-economy-122052601455_1.html)

### **External**

#### **Govt brings import of paper under compulsory registration from Oct 1**

In a bid to protect the domestic paper industry, the commerce and industry ministry on Thursday said it has decided to make registration compulsory for importing major paper products such as newsprint, handmade paper, envelopes, among others. All imports arriving on or after October 1 will be governed by the Paper Import Monitoring policy that aims to put an end to dumping of such products and address the issue of re-routing of goods through other countries in lieu of trade agreements. "The import policy of major paper products has been amended from 'Free' to 'Free subject to compulsory registration under Paper Import Monitoring System,'" an official statement said.

[https://www.business-standard.com/article/economy-policy/govt-brings-import-of-paper-under-compulsory-registration-from-oct-1-122052601586\\_1.html](https://www.business-standard.com/article/economy-policy/govt-brings-import-of-paper-under-compulsory-registration-from-oct-1-122052601586_1.html)

#### **Indian govt has no plans to ban rice exports, say top officials**

The Indian government has no plans to ban rice (non-Basmati) exports or announce any curbs on its shipments, two officials involved in the decision-making have said. The comments come on the heels of rumours in the global market that after banning wheat exports and limiting sugar shipments, the Indian government could next target non-Basmati rice. "We do not have plans to ban rice exports. Nor are we thinking of fixing any limit on its exports," said one official, who did not wish to be identified. "There is no such move (to ban or limit rice exports) now," another official said.

<https://www.thehindubusinessline.com/economy/agri-business/no-ban-on-rice-exports-say-indian-officials/article65462986.ece>

#### **Germany to recognise Covaxin for travel from June 1**

German Ambassador to India and Bhutan, Walter J Lindner on Thursday said the government of the European nation will start recognizing Bharat Biotech's COVID-19 vaccine for travel purpose there from June 1. In a tweet, Lindner said, "Very happy that GER government just decided to recognize WHO-listed Covaxin for travels to GER, starting

June 1! This Embassy has been pushing very actively for such decision (because of Covid-backlogs visa sections have longer waiting periods than normal, please have patience).” In November last year, the World Health Organisation recommended Emergency Use Listing (EUL) status for Covaxin. Several countries including Australia, Japan and Canada allow passengers vaccinated with Covaxin into those countries.

<https://www.financialexpress.com/lifestyle/health/germany-to-recognise-covaxin-for-travel-from-june-1/2538544/>