



June 09, 2022 – Thursday

Economy

OECD slashes India's GDP growth forecast to 6.9% for FY23

The Organisation for Economic Co-operation and Development (OECD) on Wednesday forecast India's GDP growth at 6.9 per cent for FY23. This is 120 basis points lower than the 8.1 per cent projection made in December.

"After recording the strongest GDP rebound in the G20 in 2021, the Indian economy is progressively losing momentum as inflationary expectations remain elevated due to rising global energy and food prices, monetary policy normalises and global conditions deteriorate," OECD said in its latest economic outlook.

Further, it estimates a growth of 6.2 per cent in FY24, despite a pick-up of corporate investment facilitated by the Production Linked Incentive (PLI) scheme. "While inflation will gradually decline, the current account deficit will widen due to the surge in energy import costs," it said.

<https://www.thehindubusinessline.com/economy/oecd-forecasts-fy23-gdp-growth-at-69/article65507723.ece>

Expect current account deficit to remain at sustainable level: RBI Governor

The current account deficit (CAD) will remain at a sustainable level and the normal flows will help the Reserve Bank of India (RBI) to finance it, Governor Shaktikanta Das said on Wednesday. He also said the Indian economy is well placed to deal with geopolitical challenges. "We expect the current account deficit to remain at sustainable level and the normal flows will enable us to meet the financing of the current account deficit," Das told reporters during the post-policy press conference. The country's current account deficit increased to USD 23 billion, or 2.7 per cent of GDP, in the third quarter of FY 2021-22 from USD 9.9 billion or 1.3 per cent of GDP in the second quarter and USD 2.2 billion (0.3 per cent of GDP) in Q3 of fiscal 2020-21. The widening of CAD in Q3 FY22 was mainly on account of higher trade deficit.

https://www.business-standard.com/article/finance/expect-current-account-deficit-to-remain-at-sustainable-level-rbi-governor-122060800924_1.html

Mid-term fundamentals solid; India better placed than peers to face economic challenges, says CEA Anantha Nageswaran

Chief Economic Advisor V Anantha Nageswaran on Wednesday said medium-term fundamentals of the economy remain solid and India is much better placed than many other countries in the world to face current challenges. Speaking at the finance ministry's iconic week celebrations of 'Azadi ka Amrit Mahotsav', Nageswaran said India has emerged out of the previous decade with its financial system well repaired, improved, and strong balance sheet. The CEA said, this year India will be facing challenges of managing a sustainable high growth, moderating inflation, keeping fiscal deficit under balance and also ensuring that the external value of the Indian rupee remains same. "We need to understand that the medium-term fundamentals of the Indian economy remain solid and the Indian economy is much better placed than many others in this world to face the challenges that we are currently encountering," Nageswaran said. He said there could be no "pre-programmed road map or menu of options" to help the country deal with these challenges, though the finance ministry is well-prepared to tackle any such situation.

<https://www.financialexpress.com/economy/monetary-fiscal-authorities-taking-steps-to-moderate-inflation-push-growth-says-dea-secretary-ajay-seth/2552847/>

Banking and Finance

Repo rate hiked by 50 bps, GDP growth seen at 7.2%, inflation projected at 6.7% this fiscal

Reserve Bank of India's Monetary Policy Committee (MPC) decided to hike the Policy Repo Rate by 50 basis points to 4.9% in its June meeting. RBI Governor Das said that MPC members voted unanimously to hike rates and decided to remain focused on a withdrawal of accommodation to ensure that inflation remains within the target going forward while supporting growth. MPC noted that inflation is likely to remain elevated for the first three quarters of the current financial year and sees inflation for the year at 6.7%. Real GDP growth rate for the year has been retained at 7.2%. RBI Governor Das said that the war in Europe is lingering and the world is facing new challenges which have accentuated supply chain disruptions. "Indian economy is resilient with strong macroeconomic buffers. Inflation is primarily attributed to supply shocks linked to war," Shaktikanta Das said.

<https://www.financialexpress.com/economy/rbi-mpc-live-inflation-takes-centerstage-rbi-governor-shaktikanta-das-repo-rate-hike-reserve-bank-crr-liquidity-withdrawal/2552209/>

RBI enhances limit for e-mandates on credit/debit cards to Rs 15,000

The Reserve Bank of India (RBI) on Wednesday increased the limit for e-mandates on credit/debit cards from Rs 5,000 to Rs 15,000 to further augment customer convenience. "Requests have been received from stakeholders to increase the limit under the framework to facilitate payments of larger value like subscriptions, insurance premia, education fee, etc. To further augment customer convenience and leverage the benefits available under the framework, it is proposed to enhance the limit from Rs 5,000 to Rs 15,000 per recurring payment," RBI governor Shaktikanta Das said.

https://www.business-standard.com/article/finance/new-e-mandate-guidelines-rbi-enhances-limit-for-e-mandates-on-credit-debit-cards-to-rs-15-000-122060800417_1.html

Soon, credit cards to be linked with UPI

In a move that will add to the growing popularity of the Unified Payments Interface, the Reserve Bank of India has proposed linking of credit cards to UPI. "To begin with, the Rupay credit cards will be linked to the UPI platform," RBI Governor Shaktikanta Das said on Wednesday, adding that this will provide additional convenience to users and enhance the scope of digital payments. At present, UPI facilitates transactions only by linking savings/current accounts or through debit cards of users. The new facility will allow users to link UPI to their credit cards too. This feature would be available after the required system development is complete, RBI said, adding that necessary instructions will be issued to NPCI separately.

<https://www.thehindubusinessline.com/money-and-banking/soon-rupay-credit-cards-to-be-linked-with-upi/article65506410.ece>

FM launches EASE 5.0 public sector banks common reform agenda

Finance and Corporate Affairs Minister Nirmala Sitharaman, on Wednesday, launched the fifth edition of Enhanced Access and Service Excellence-EASE 5.0, which spells out the common reforms agenda for public sector banks (PSBs) under the EASENext program. The launch event was attended virtually by Managing Directors and CEOs and other senior executives of PSBs. Under EASE 5.0, PSBs will continue to invest in new-age capabilities and deepen the ongoing reforms to respond to evolving customer needs, changing competition and the technology environment.

<https://www.thehindubusinessline.com/money-and-banking/fm-launches-ease-50-public-sector-banks-common-reform-agenda/article65507944.ece>

Rate of TDS on virtual digital assets shall be 1 per cent, clarifies government

The government in a late evening circular, clarified that the rate of TDS on Virtual Digital Assets continues to be 1 per cent, debunking earlier media reports that rate of TDS on Virtual Digital Assets (VDA) has been reduced to 0.1%. The 1% TDS is set to be applicable starting July 1 and has been the key reason for a drastic drop in volumes on Indian crypto exchanges, worsened by the global crypto crash. Earlier in the day, media reports mentioned that the TDS rate for virtual digital assets has been dropped to 0.1% from 1% as announced earlier in the budget. However, after the change was noticed by many the website updated the document rectifying the error.

<https://economictimes.indiatimes.com/news/economy/policy/rate-of-tds-on-virtual-digital-assets-shall-be-1-per-cent-clarifies-government/articleshow/92087770.cms>

Industry

Govt enhances funding under DRDO's TDF scheme to Rs 50 crore for MSMEs, startups

Defence Minister Rajnath Singh on Wednesday approved increasing the funding to MSMEs and startups under the Technology Development Fund (TDF) scheme of Ministry of Defence. The scheme, which supports indigenous development of components, products, systems and technologies, will now have an upper limit of Rs 50 crore per project from Rs 10 crore so far. Importantly, Finance Minister Nirmala Sitharaman in her budget speech had announced earmarking 25 per cent of defence R&D budget for private industry, startups and academia. Hence, the increase in financing is in line with the budget announcement and will give further support the government's aim for self-reliance in the defence sector, defence ministry noted. The scheme intends to improve participation of public and private industries particularly MSMEs in order to create ecosystem for better technology capability for defence application. The financial support provided is covered via provision of grants-in-aid to the industry, according to the scheme's details. While project cost of up to Rs 50 crore will now be considered for funding, it would be subject to a maximum of 90 per cent of the total project cost.

<https://www.financialexpress.com/industry/sme/msme-fin-govt-enhances-funding-under-drdo-tdf-scheme-to-rs-50-crore-for-msmes-startups/2553203/>

Centre's Technology Development Board to launch ₹1,000-crore start-up fund

The Technology Development Board (TDB), a statutory body under the Department of Science and Technology, Government of India, is set to launch a ₹1,000 crore startup fund under a public private partnership model. The fund will be launched in two phases and will be live in a month. In the first phase, a corpus of ₹400 crore will be set up, of which ₹200 crore will be contributed by a private limited company that has not been named yet. In the later phase, TDB will partner with more companies to raise money for the fund and invest the equal sum of money in tandem with the companies.

<https://www.thehindubusinessline.com/info-tech/gois-technology-development-board-to-launch-1000-crore-startup-fund/article65507705.ece>

Smart TVs now form 89% of the total TV market in India: Counterpoint

The smart TV segment grew 33% on year in Q1 2022 to reach its highest ever share at 89% of the overall TV market, a Counterpoint Research report finds. The research firm's data finds Xiaomi to be the market leader with 14.3% share in the quarter ended March 2022, followed by Samsung with 13% share and LG with 8% share. TV sales via online channels grew 30% on year to contribute 31% of sales, with Flipkart dominating the online market. Flipkart dominated the online sales, according to the report. However, the market continues to be driven by offline channels that contributed 69% of sales.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/smart-tvs-now-form-89-of-the-total-tv-market-in-india-counterpoint/articleshow/92078797.cms>

Agriculture

Govt hikes paddy MSP by Rs 100 to Rs 2,040 per quintal for 2022-23

The government on Wednesday hiked the minimum support price (MSP) for paddy by Rs 100 to Rs 2,040 per quintal for 2022-23 crop year in order to encourage farmers to bring more area under the crop and boost their income. As per the CCEA decision, the MSP of 14 kharif crops has been increased in the range of Rs 92-523 per quintal. The maximum hike has been given in sesamum of Rs 523 per quintal, while the lowest Rs 92 per quintal is in case of maize. The MSP of paddy and bajra has been increased by Rs 100 per quintal, while tur, urad and groundnut MSP has been hiked by Rs 300 per quintal each for 2022-23 crop year. The MSP of common grade variety of paddy has been increased to Rs 2,040 per quintal for 2022-23 crop year from Rs 1,940 per quintal in the previous year. The support price for 'A' grade variety of paddy has been increased to Rs 2,060 per quintal from Rs 1,960.

<https://www.financialexpress.com/economy/govt-hikes-paddy-msp-by-rs-100-to-rs-2040-per-quintal-for-2022-23/2553058/>

Assam planning to start Millet Mission, says state agri minister

Assam Minister for Agriculture Atul Bora stated that the Government is planning to start Millet Mission in the coming days. With an aim to strengthen the Agro-Economy in Assam, the First State Level Conclave cum Exhibition of the Farmer Producer Companies (FPCs) was held in Guwahati. Organised by Assam Agribusiness & Rural Transformation Project (APART), the conclave aims to facilitate a platform for the registered FPCs of the State. Bora said that the Government is also planning to start Millet Mission in the coming days. Farmers today are also taking keen interest in diversification of crops, which is an added boost to the Agricultural Sector, the Minister stated. He also reiterated the need to mitigate the issue of middle men in supply chain. The State Government is considering to set up Milk Processing Plants and Pork Processing Plants to help the local youth and farmers, the Minister mentioned. <https://economictimes.indiatimes.com/news/economy/agriculture/assam-planning-to-start-millet-mission-says-state-agri-minister/articleshow/92087100.cms>

India can switch 30% of agri acreage to natural farming by 2030: Ramesh Chand

India can double acreage of chemical-free farming to 15% immediately and 30% by 2030 without hurting national food security as any resultant loss in output and exports could be compensated by reduction in fertiliser subsidies, Niti Aayog member Ramesh Chand told FE. He, however, ruled out implementation of direct benefit transfer (DBT) of cash in lieu of subsidised foodgrains under PDS system as it could threaten food security of the country. Chand said that natural farming methods could be scaled up in 6% of the gross cropped areas in states such as Madhya Pradesh, Rajasthan and near the banks of Ganga in Uttar Pradesh where fertiliser usage is low and gradually expand such farming methods over the next decades without jeopardising India's food security concerns. "Adoption of natural farming should not be done in knee-jerk fashion as was done in Sri Lanka (which banned fertiliser use). However, without compromising India's food security, by 2030 India can afford to have natural farming in 30% of the area," Chand said. <https://www.financialexpress.com/economy/india-can-switch-30-of-agri-acreage-to-natural-farming-by-2030-ramesh-chand/2552223/>

Infrastructure

NHAI creates Guinness World Record for laying longest bituminous lane of 75 kilometres in 105 hours and 33 minutes

State-owned NHAI has created a Guinness World Record for the longest continuously laid bituminous lane of 75 kilometres in 105 hours and 33 minutes on the national highway between Amravati and Akola districts in Maharashtra. Mentioning about the record, Road Transport and Highways Minister Nitin Gadkari on Wednesday said the project was implemented by 720 workers including a team of independent consultants who worked day and night. The total length of the 75 kilometres of single lane continuous bituminous concrete road is equivalent to 37.5 kilometres of two-lane paved shoulder road and the work started on June 3, at 7:27 am and was completed on June 7, at 5 pm, the minister said in a video message. The previous Guinness World Record for the longest continuously laid bituminous was for building 25.275 kilometres of road that was achieved in Doha, Qatar in February 2019 and that task was completed in 10 days, Gadkari said. The Amravati to Akola section is part of NH 53 and this is an important east-east corridor which connects major cities like Kolkata, Raipur, Nagpur and Surat. According to Gadkari, once completed, this stretch will play a major role in easing movement of traffic and freight on this route.

<https://www.financialexpress.com/infrastructure/nhai-creates-guinness-world-record-for-laying-longest-bituminous-lane-of-75-kilometres-in-105-hours-and-33-minutes/2553184/>

India's hyper-sensitive airports to install Perimeter Intrusion Detection System by 2023; details

The Bureau of Civil Aviation Security (BCAS) recently issued a circular saying that all "hyper-sensitive" airports in India will have to install a Perimeter Intrusion Detection System (PIDS) by the month of December next year. The PIDS is a sensor that helps in alerting security agencies of any intrusion through the airport's boundary walls, according to a PTI report. Moreover, Greenfield airports in the country that are not part of the central government's Regional Connectivity Scheme (RCS) will install the Perimeter Intrusion Detection System as well. The airports coming up under the Regional Connectivity Scheme will plan the installation of PIDS at the development stage itself, the

BCAS circular issued on Monday stated. According to the statement issued by BCAS, the country's all hyper-sensitive airports shall install the Perimeter Intrusion Detection System by 31 December 2023 as per minimum technical specifications. Further, greenfield airports that are non-RCS shall plan the installation of this system at the design stage itself for the purpose of getting clearance of design stage security vetting in terms of rule 5(3) of the Aircraft Security Rules 2011, it said. The move comes into force with immediate effect, BCAS said.

<https://www.financialexpress.com/infrastructure/airlines-aviation/indias-hyper-sensitive-airports-to-install-perimeter-intrusion-detection-system-by-2023-details/2552950/>

Rising rates to impact post-pandemic recovery in real estate sector

The real estate sector, which is highly dependent on bank financing for both builders and customers, is worried that rising rates will impact post-pandemic recovery and slow down sales. Anuj Puri, chairman of real estate advisory firm Anarock, said the hike was anticipated with inflation edging higher in the aftermath of the Russia-Ukraine war and surging oil prices. "A hike was inevitable, but we are now entering the red zone. Any future hikes will reflect markedly on housing sales," he warned. The increasing rates will depress demand from consumers. "The RBI is tasked with controlling the spiralling inflation in the country, but must simultaneously be careful not to hurt demand recovery. This is a tightrope walk under the best of circumstances. Overall, high inflation with low GDP can be cause for worry, but as of now the Indian economy remains robust. The rate hike will push up home loan interest rates, which had already begun creeping upward after the surprise monetary policy announcement last month. Interest rates will remain lower than during the global financial crisis of 2008, when they went as high as 12% and above. Nevertheless, the current hike will reflect in residential sales volumes in the months to come, more so in the affordable and mid-segments," he said.

https://www.business-standard.com/article/companies/rising-rates-to-impact-post-pandemic-recovery-in-real-estate-sector-122060800291_1.html

Energy

India's coal production rises 34 pc in May

The country's coal production registered a rise of 33.88 per cent to 71.30 million tonnes (MT) in the month of May. Coal output in the corresponding month of the previous fiscal was 53.25 MT, as per provisional data of the Ministry of Coal. Of the top 37 coal producing mines, 23 produced more than 100 per cent, while the performance of 10 mines stood between 80 and 100 per cent, the ministry said. The thermal power generation went up by 26.18 per cent in May over the corresponding month of the previous fiscal. "The overall power generation in May 2022 has been 23.32 per cent higher than in April 2021 and 2.63 per cent higher than the power generated in April 2022," it said.

<https://www.financialexpress.com/industry/indias-coal-production-rises-34-pc-in-may/2553270/>

Solar open access additions grow 22% in Jan-Mar; cumulative capacity hits 5.7-GW mark: Report

The solar open access installations in India grew by 22 per cent at 513 megawatt (MW) in January-March 2022, according to a report by Mercom India. As of March 2022, cumulative installed solar open access capacity in the open access market was over 5.7 GW, the research firm said in its latest report. Solar power through 'open access' is an arrangement where a power producer establishes a solar power plant and signs a medium/long term power purchase agreement with a consumer. To further accelerate India's renewable energy programmes, the government on Tuesday notified the Green Open Access Rules 2022. These rules are notified for promoting generation, purchase and consumption of green energy including through waste-to-energy plants. It enables a simplified procedure for the open access to green power, the Ministry of Power said.

<https://www.financialexpress.com/industry/solar-open-access-additions-grow-22-in-jan-mar-cumulative-capacity-hits-5-7-gw-mark-report/2553137/>

Telecom

No justification for allocating spectrum to enterprises for operating pvt captive networks: COAI

Industry body COAI on Wednesday said there is no justification for allocating radiowaves directly to enterprises for operating private captive networks, and that licensed telcos are fully capable of providing all customised solutions

in the most competitive and economic manner to private and public sector entities. The comments of COAI -- whose members include Reliance Jio, Bharti Airtel, and Vodafone Idea - assume significance as telcom operators and tech companies have locked horns over the hotly-debated issue of 5G spectrum allocation and captive private networks. Private enterprises have asserted that giving spectrum directly for creation of captive networks, without any dependency on telcos, would accelerate the digital agenda. Refuting this stand, Cellular Operators' Association India (COAI), in its position paper on 5G private networks, has urged the government not to reserve or de-license any spectrum which has been identified or likely to be identified for use of mobile services, towards private captive networks.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/no-justification-for-allocating-spectrum-to-enterprises-for-operating-pvt-captive-networks-coai/articleshow/92083944.cms>

DoT in favour of 20-year validity for spectrum sold through auction

The Department of Telecommunication has asked the Cabinet to modify its earlier decision to allow telecom operators to acquire spectrum for a 30-year period. Sources in the know told BusinessLine that in the key proposals submitted for the Cabinet's review, the DoT has said that spectrum validity should be for 20 years. Ownership of spectrum for 30 years was one of the key tenets of the extensive telecom reforms announced by the Government in September 2021. The Telecom Regulatory Authority of India, in its recent recommendations, had suggested different pricing for 20 years and 30 years but had left the final decision to the DoT. Telecom operators were in favour of getting spectrum for 30 years but at the value arrived at by TRAI for 20 years.

<https://www.thehindubusinessline.com/info-tech/dot-in-favour-of-20-year-validity-for-spectrum-sold-through-auction/article65507475.ece>

Data centre capacity to double by FY25 with Rs 40,000-crore investment: Report

The data centre capacity is set to double by FY25 to 1,700-1,800 mw from 870 mw now with an investment of a whopping Rs 40,000 crore on the back of rising data uptake, digitalisation and localisation, coupled with the launch of 5G services by the end of this fiscal, a report said on Wednesday.

The current data centre capacity is around 870 mw which is expected to double to 1,700-1,800 mw by fiscal 2025, according to a Crisil report which says this massive growth is being powered by the troika of data boom, digital adoption and local data storage mandates. This massive capacity addition will require investments of over Rs 40,000 crore, the report noted. Wireless mobile data traffic grew 31 per cent to 253 exabytes (1 exabytes is 1 billion gigabytes) in 2021 as work-from-home became the new normal after the COVID-19 pandemic shut offices, creating huge demand for data centres. The report expects the launch of 5G services, likely by the end of this fiscal, will further boost demand for data and storage capacities.

<https://www.financialexpress.com/industry/data-centre-capacity-to-double-by-fy25-with-rs-40000-crore-investment-report/2552924/>

External

Exports rises 24.18 pc to USD 9.4 billion during June 1-7

The country's exports increased 24.18 per cent to USD 9.39 billion during June 1-7 on account of healthy growth in sectors like engineering, gems and jewellery and petroleum products, an official said. The exports during June 1-7 2021 stood at USD 7.56 billion, the commerce ministry official said. Imports during the first week of this month too rose by about 77 per cent to USD 16 billion. Gems and jewellery, engineering, petroleum products, and electronic goods' exports increased by 84.3 per cent, 25.7 per cent, 20.4 per cent and 73.5 per cent, respectively.

<https://www.financialexpress.com/economy/exports-rises-24-18-pc-to-usd-94-billion-during-june-1-7/2553217/>

Cabinet nod for India-UAE pact on industrial cooperation

The government on Wednesday approved a proposal for signing a bilateral Memorandum of Understanding (MoU) between India and the United Arab Emirates (UAE) on cooperation in the field of industries and advanced technologies. The decision was taken by the Union Cabinet, chaired by Prime Minister Narendra Modi. An official statement said the MoU envisages cooperation on a mutually beneficial basis in areas including strengthening the supply chain resilience of industries, renewable and energy efficiency, health and life sciences, space systems,

artificial intelligence, standardisation, metrology, conformity assessment, accreditation, and halal certification. The MoU aims at strengthening and developing industries in both nations through investments, technology transfer and the deployment of key technologies in industries, it said. The implementation of the MoU, it said, may lead to increase in research and innovation in all areas of mutual cooperation.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/cabinet-nod-for-india-uae-pact-on-industrial-cooperation/articleshow/92085785.cms>

India could soon allow wheat exports of 1.2 million tonnes

India could soon allow traders to ship out around 1.2 million tonnes of wheat as it seeks to clear cargoes stuck at ports since last month's sudden ban of exports of the grain, government and trade sources said on Wednesday. But even after New Delhi's permission to export that much, about 500,000 tonnes of wheat could remain sitting at ports, as some traders have failed to secure export permits, the sources with knowledge of the matter told Reuters. New Delhi banned wheat exports in a surprise move on May 14, but said it would allow overseas shipments backed by already issued letters of credit (LCs) and to countries that request supplies "to meet their food security needs".

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-could-soon-allow-wheat-exports-of-1-2-million-tonnes/articleshow/92081253.cms>

India's sugar exports at record 8.6 mn tonne till May this year: ISMA

Sugar exports from India, the world's largest producer and second biggest exporter of the sweetener, touched a record 8.6 million tonne till May of the ongoing 2021-22 marketing year ending September, said the latest data released by industry body ISMA on Wednesday. The country had exported total 7 million tonne of sugar in the 2020-21 marketing year, while domestic production stood at 31.19 million tonne in the same period. Last month, the government capped sugar exports at 10 million tonne to ensure enough domestic supply and check retail prices during festival season in October-November. However, cooperatives have demanded raising the export cap by 1 million tonne. According to Indian Sugar Mills Association (ISMA), it is reported that around 9.4-9.5 million tonne of export contracts have already been entered into so far. Out of that, about 8.6 million tonne is reported to have been physically exported till end of May 2022.

<https://www.financialexpress.com/economy/indias-sugar-exports-at-record-8-6-mn-tonne-till-may-this-year-isma/2553166/>