



June 15, 2022 – Wednesday

Economy

WPI inflation spikes to record 15.88% in May on costlier food items, crude oil

Wholesale price-based inflation rose to a record high of 15.88 per cent in May on rising prices of food items and crude oil. The Wholesale Price Index-based inflation was 15.08 per cent in April and 13.11 per cent in May last year. “The high rate of inflation in May, 2022 is primarily due to rise in prices of mineral oils, crude petroleum & natural gas, food articles, basic metals, non-food articles, chemicals & chemical products and food products etc. as compared to the corresponding month of the previous year,” the commerce and industry ministry said in a statement. The WPI inflation has remained in double digit for the 14th consecutive month since April last year and has been in the upper trajectory for three straight months. Inflation in food articles in May was 12.34 per cent, as prices of vegetables, wheat, fruits and potato witnessed sharp spike over the year-ago period. The rate of price rise in vegetables was 56.36 per cent, while in wheat it was 10.55 per cent and in egg, meat and fish, inflation was 7.78 per cent. In the fuel and power basket, inflation was 40.62 per cent, while in manufactured products and oil seeds, it was 10.11 per cent and 7.08 per cent, respectively.

<https://www.financialexpress.com/economy/wpi-inflation-spikes-to-record-15-88-in-may-on-costlier-food-items-crude-oil/2560005/>

India’s unemployment rate falls further to 4.2% in 2020-21

India’s unemployment rate fell further to 4.2% in 2020-21 despite this period witnessing two waves of the pandemic which had left millions of workers without work and resulted in suspension of field work, shows the periodic labour force survey by the ministry of statistics and programme implementation released on Tuesday. The unemployment rates (UR) in India stood at 4.8% in 2019-20, 5.8% in 2018-19 and 6.1% in 2017-18. Mospī’s annual PLFS for urban and rural India captures data from July to June. UR is defined as the percentage of persons unemployed among the persons in the labour force.

<https://economictimes.indiatimes.com/jobs/indias-unemployment-rate-falls-further-to-4-2-in-2020-21/articleshow/92211942.cms>

Fill 10 lakh jobs in 18 months, PM to Central ministries, depts

Prime Minister Narendra Modi on Tuesday announced recruitment of 10 lakh people in government jobs during the next 18 months. “PM @narendramodi reviewed the status of Human Resources in all departments and ministries and instructed that recruitment of 10 lakh people be done by the government in mission mode in the next 1.5 years,” a tweet by Prime Minister Office said. This statement has come at a time when the government is facing strong criticism on lack of employment as against the poll promise. A senior government official explained that the number of 10 lakh will include jobs in Central Ministries, Departments and Central Public Sector Undertakings (CPSEs) “It will comprise of both contractual and regular jobs besides recruitment under Agneepath scheme for armed forces,” he said while adding that the fiscal implication is yet to be ascertained.

<https://www.thehindubusinessline.com/economy/policy/pm-instructs-recruitment-of-10-lakh-people-in-central-ministries-departments-during-next-18-months/article65525941.ece>

India would become USD 5-trillion economy by 2026-27, says CEA Anantha Nageswaran

Chief Economic Adviser (CEA) V Anantha Nageswaran on Tuesday said India would become a USD 5 trillion economy by 2026-27 and USD 10 trillion by 2033-34. Addressing an event organised by UNDP India, Nageswaran said India is relatively better placed than other emerging economies. "On the face of it, looks optimistic, even ambitious, but if we get to USD 5 trillion by 2026-27. "We are now USD 3.3 trillion, it is not such a difficult target to reach. Then if you simply assume 10 per cent nominal GDP growth in dollar terms, then you get to USD 10 trillion by 2033-34 and another doubling with the same rate," he said. In 2019, Prime Minister Narendra Modi envisioned to make India a USD 5 trillion economy and global powerhouse by 2024-25. The CEA said there is a need for climate tagging of the budget. "GDP is the worst measure of economic activities but for all others. Because everything else you take, comes with their own limitations and serious subjectivity," he noted. Nageswaran said India will have to start investing in getting the right supply of metals and minerals required to fuel the energy transition.

<https://www.financialexpress.com/economy/india-would-become-usd-5-trillion-economy-by-2026-27-says-cea-anantha-nageswaran/2560371/>

Banking and Finance

Follow instructions in letter and spirit while funding infra projects of government entities: RBI to banks

Concerned over violation of its norms, the RBI on Tuesday asked banks to follow its instructions in "letter and spirit" while extending loans to government-owned entities for infrastructure and housing projects. In a circular, the RBI said it has come across instances where banks have not been strictly complying with extant instructions on assessment of commercial viability, ascertainment of revenue streams for debt servicing obligations and monitoring of end use of funds in respect of their financing of infrastructure/ housing projects of government-owned entities. Banks/ financial institutions have also been found to have violated RBI's instructions which require that in case of projects undertaken by government-owned entities, term loans should be sanctioned only for corporate bodies.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/follow-instructions-in-letter-and-spirit-while-funding-infra-projects-of-government-entities-rbi-to-banks/articleshow/92210561.cms>

Fitch expects RBI to raise interest rates to 5.9 pc by December-end

Fitch Ratings on Tuesday said the Reserve Bank is likely to raise interest rates further to 5.9 per cent by December 2022, on deteriorating inflation outlook. In its update to Global Economic Outlook, Fitch said India's economy faces a worsening external environment, elevated commodity prices, and tighter global monetary policy. "Given the deteriorating outlook for inflation, we now expect the RBI to lift rates further to 5.9 per cent by December 2022 and to 6.15 per cent by the end of 2023 (vs. previous forecast of 5 per cent) and to be unchanged in 2024," Fitch said. Fitch Ratings on Tuesday said the Reserve Bank is likely to raise interest rates further to 5.9 per cent by December 2022, on deteriorating inflation outlook. In its update to Global Economic Outlook, Fitch said India's economy faces a worsening external environment, elevated commodity prices, and tighter global monetary policy. "Given the deteriorating outlook for inflation, we now expect the RBI to lift rates further to 5.9 per cent by December 2022 and to 6.15 per cent by the end of 2023 (vs. previous forecast of 5 per cent) and to be unchanged in 2024," Fitch said.

<https://www.financialexpress.com/economy/fitch-expects-rbi-to-raise-interest-rates-to-5-9-pc-by-december-end/2560021/>

NBFCs to see Rs 18 lakh crore loans getting repriced in FY23: Crisil

Non-banking financial companies are likely to witness close to Rs 18 lakh crore of their outstanding debt getting repriced at higher levels in FY23 amid the rising interest rate scenario, Crisil Ratings said in a report on Tuesday. The agency expects borrowing cost of NBFCs (Non-Banking Financial Companies) to go up by 85-105 basis points (bps) in this fiscal owing to recent hikes in repo rate by 90 basis points in two tranches and an expected rise of another 75 bps in the remaining fiscal. The agency said an analysis of its rated NBFCs shows, "Rs 15 lakh crore of debt, or around 65 per cent of outstanding debt as on March 31, 2022, is due for repricing this fiscal owing to interest reset or maturity. Another Rs 3 lakh crore of incremental debt is likely to be raised to support expected growth in lending." Banks remain a major funding resource for NBFCs. The share of banks in NBFCs' total borrowings has increased to 34 per cent in March 2022 from 27 per cent in March 2018.

<https://www.financialexpress.com/industry/banking-finance/nbfc-to-see-rs-18-lakh-crore-loans-getting-repriced-in-fy23-crisil/2560461/>

MSME credit demand from non-metros back to pre-Covid levels: Study

MSME credit demand from non-metro cities in March 2022 was back to pre-Covid levels vis-a-vis the marginal lag recorded in metro cities, according to a study launched by digital MSME lender NeoGrowth. In terms of segments, non-discretionary demand-oriented businesses such as petrol pumps, infrastructure, and auto had recovered faster than consumer-facing and discretionary demand-oriented businesses, the study noted assessing over 40,000 MSMEs from 25 cities for the period March 2020 to March 2022. The study *Rising In The Face Of Adversity* also highlighted the revival of MSMEs during the post-Covid period. In the second wave, MSMEs were well prepared and could adjust to the new business environment as only 30 per cent MSMEs had required support last year in comparison to the first wave in 2020, the report said. "Many MSMEs were struggling in 2020-21 due to the burden of loan repayments because of the cessation of demand from consumers...The MSME ecosystem in India is a 'Survival to Revival' saga. The vital lessons learned from the pandemic have transformed the way businesses operated and fast-tracked their move to digital. The credit demand from MSMEs is back to a healthy level," said Arun Nayyar, Whole Time Director & Chief Executive Officer, NeoGrowth.

<https://www.financialexpress.com/industry/sme/msme-fin-msme-credit-demand-from-non-metros-back-to-pre-covid-levels-study/2560566/>

Irdai trims solvency margin for crop insurers; to unlock Rs 1,400 cr funds

Regulator Irdai reduced the solvency margin requirement for general insurers providing crop insurance, a decision expected to unlock Rs 1,400 crore of funds for them to undertake more business. The decision, Insurance Regulatory and Development Authority of India (Irdai) said, is part of series of reforms it has undertaken to increase insurance penetration in the country. In a press release, Irdai said it has reduced the solvency margin requirement for insurers doing crop business. "This move will increase the capacity of general insurers to underwrite more business," it added. Irdai said since fiscal 2017-18, it has been relaxing the period of admissibility of premium due from government for solvency calculation purpose from 180 days to 365 days.

https://www.business-standard.com/article/economy-policy/irdai-trims-solvency-margin-for-crop-insurers-to-unlock-rs-1-400-cr-funds-122061400688_1.html

Industry

Ministry allows 2 re-submissions of application for 'name removal' from Register of Companies

The process for voluntary name strike-off by companies just got easier under the company law. The Corporate Affairs Ministry (MCA) has eased the process for removal of names from the Register of Companies, which is maintained by the Registrar of Companies (RoCs). It has amended rules to introduce a maximum of two resubmissions in respect of administrative defects in the filing undertaken for voluntary strike-off. Prior to the latest amendment, if any defects or deficiencies were noticed in the application submitted by a company for its name to be 'struck off' from the Register of Companies, the said application was rejected and a fresh one had to be made.

<https://www.thehindubusinessline.com/economy/ministry-allows-2-re-submissions-of-application-for-name-removal-from-register-of-companies/article65526213.ece>

FSSAI asks online delivery platforms to display restaurants' nutritional information

With restaurant chains mandated to display calorie count of dishes and other nutritional information on their menus from July 1, the Food Safety and Standards Authority of India on Tuesday directed food aggregators to ensure this nutritional information is also available on their platforms. According to display regulations for food service establishments which will come into effect from July 1, restaurants having a central licence or having 10 or more outlets will need to mention the calorie count of each of the dishes and food items on their menu cards (in kcal per serving and serving size). They will also need to mention other nutritional information such as food allergens in easy to understand symbols and logos for vegetarian and non-vegetarian food. In addition, the regulations state that food business e-commerce players (food delivery platforms) will also need to display the same on their platforms.

<https://www.thehindubusinessline.com/economy/fssai-asks-online-delivery-platforms-to-display-restaurants-nutritional-information/article65527116.ece>

Steel mills may be forced to take maintenance shutdowns as demand dips sharply following export duty levy

Steelmakers may be forced to take maintenance shutdowns at their plants this month to combat a demand-supply mismatch in the domestic market after sudden levy of export duty on steel last month hit their overseas business, people in the know said. The export duty, imposed to check rising inflation in the country, has resulted in volatile steel prices in the domestic market. Now, traders and end-users are deferring large orders in expectations of further price correction, the sources said. The buyers are dipping into their holding stock to meet requirements. This has resulted in the piling up of finished inventory with steel mills, they said. Inventory of finished steel is also piling up at mills as export has nosedived since the levy of the new duty, experts said.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/steel/steel-mills-may-be-forced-to-take-maintenance-shutdowns-as-demand-dips-sharply-following-export-duty-levy/articleshow/92213215.cms>

FMCG market down, but it's not all that bad

Nearly two-thirds of the fast-moving consumer goods segment, including biscuits, snacks, shampoo and bottled soft drinks, expanded by double-digit percentage in volumes in the February-April period. Yet, the overall market fell 1% year on year after voluminous categories, particularly edible oil, atta, hair oil and detergent, either fell or grew at a slower rate, underlining that the consumer market slowdown is not widespread, according to the latest data by Kantar. Shampoos, for instance, grew 13.6%, while noodles saw 30% growth, the fastest since the pandemic began. Even large categories - biscuits and salty snacks expanded by 13.3% and 14.7%, respectively. Bottled soft drinks erased their pandemic losses with a growth of 67% during their peak sales season.

<https://economictimes.indiatimes.com/industry/cons-products/fmcf/fmcf-market-down-but-its-not-all-that-bad/articleshow/92213469.cms>

Infrastructure

Indian Railways Innovation Policy, StartUps for Railways launched to improve operational efficiency & safety

Indian Railways has taken a major initiative in the field of innovation through the participation of start-ups as well as other entities. On Monday, Railway Minister Ashwini Vaishnaw launched a policy- "StartUps for Railways" in Rail Bhavan, New Delhi, which will bring scale and efficiency in the field of operation, maintenance as well as the creation of infrastructure through the participation of very large and untapped startup ecosystem. According to Vaishnaw, through this platform, start ups will get an opportunity to connect with the national transporter. Out of more than 100 problem statements received from various divisions, field offices or zones of Indian Railways, eleven problem statements such as rail fracture, headway reduction, etc., have been taken up for this program's phase 1. The Railway Minister further said these will be presented before the start ups to find innovative solutions. Vaishnaw requested the startups to use this opportunity as well as ensured them support from the national transporter in form of a 50% capital grant, scale, assured market, and ecosystem.

<https://www.financialexpress.com/infrastructure/railways/indian-railways-innovation-policy-startups-for-railways-launched-to-improve-operational-efficiency-safety/2559794/>

CCEA approves Dholera airport, to serve as second airport for Ahmedabad

The Centre on Tuesday approved the construction of a new airport at Dholera in Gujarat. It will serve as the second airport to Ahmedabad. "The Cabinet Committee on Economic Affairs (CCEA) has approved the proposal for development of Phase I of the new greenfield airport at Dholera, Gujarat at an estimated cost of ₹1,305 crore, to be completed within 48 months," a Government statement said. Information and Broadcasting Minister Anurag Singh Thakur said that the project is being implemented by Dholera International Airport Company Limited (DIACL), a joint venture company comprising Airports Authority of India (AAI), the Government of Gujarat (GoG) and National Industrial Corridor Development and Implementation Trust (NICDIT) holding equity in the ratio of 51:33:16.

<https://www.thehindubusinessline.com/economy/logistics/ccea-approves-dholera-airport-to-serve-as-second-airport-for-ahmedabad/article65526614.ece>

Cabinet approves 3-year loan repayment moratorium for Cochin Port Authority

The Union Cabinet on Tuesday approved a moratorium of three years (2020-23) for Cochin Port Authority (CoPA) towards repayment of the balance outstanding Government of India loans amounting to Rs 446.83 crore to tide over the financial crisis due to COVID-19, an official statement said. The amount was to be repaid in 10 instalments commencing from 2018-19. However, Cochin Port Authority could pay the instalments of 2018-19 and 2019-20 only.

The Cabinet Committee on Economic Affairs, chaired by Prime Minister Narendra Modi, has "approved a moratorium of three years (2020-21, 2021-22 & 2022-23) to Cochin Port Authority (CoPA) towards repayment of the balance outstanding Government of India (GoI) loans amounting to Rs 446.83 crore to tide over the financial crisis due to COVID-19 pandemic", it said.

<https://economictimes.indiatimes.com/industry/transportation/shipping/-/transport/cabinet-approves-3-year-loan-repayment-moratorium-for-cochin-port-authority/articleshow/92208194.cms>

Energy

Coal ministry launches PIM module of single window clearance system

The government on Tuesday launched the Project Information and Management (PIM) module of the Single Window Clearance System, a platform to seek various clearances to operationalise coal mines. The development assumes significance in the wake of the government making efforts to secure domestic fuel supplies amid fear of shortage during monsoon. "The Ministry of Coal has launched Project Information & Management Module of Single Window Clearance System (SWCS) here today," according to an official statement. The PIM module of SWCS will facilitate project proponents as well as ministry and state officials in monitoring and expeditious implementation of coal mines.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/metals-mining/coal-ministry-launches-pim-module-of-single-window-clearance-system/articleshow/92211900.cms>

India's fuel demand up 22% YoY in May from low base in 2021: S&P Global

India's oil product demand in May was up 860,000 barrels per day or 22 per cent year-on-year from a low base in 2021, S&P Global Commodity Insights said in a note. The demand for May was some 80,000 barrel higher than its growth forecast, partly due to stronger-than-expected demand for transportation and the government's announcement of a cut in excise duty on petrol by Rs 8 per litre and Rs 6 per litre on diesel, which provided some support for demand. On a year-on-year basis, demand growth was driven by diesel, petrol and other minor products, which were up 416,000 barrels per day, 282,000 barrels per day and 161,000 barrels per day, respectively.

https://www.business-standard.com/article/economy-policy/india-s-fuel-demand-up-22-yoy-in-may-s-p-global-commodity-insights-122061400787_1.html

Telecom

5G rollout: DoT removes a major roadblock in launch of services by year-end

In a major relief to telecom gear makers and telcos, the Department of Telecommunications (DoT) has extended the date for mandatory testing and certification of 4G/5G products by one year to July 1st 2023 through an amended notification issued on Monday. Telcos and equipment makers had made it clear that the earlier July 1st 2022 deadline would have jeopardised the roll out of 5G services from the end of this year as there are not enough third party labs to test 4G/5G products. Under the new testing and certification rules, equipment such as microwaves, radios, routers and so on - which can be used for both 4G and 5G networks – could not be imported or sold after July 1st without first being tested by selected third party labs within the country. The equipment also had to be certified by the Telecommunication Engineering Centre on safety, emission and other technical parameters.

https://www.business-standard.com/article/economy-policy/5g-rollout-dot-removes-a-major-roadblock-in-launch-of-services-by-year-end-122061400305_1.html

States

UP Cabinet approves extending Kisan Samridhi Yojana by five years

The Uttar Pradesh Cabinet on Tuesday approved extending by five years a scheme for the improvement and treatment of barren and waterlogged lands in the state. In a meeting of the Cabinet presided over by Chief Minister Yogi Adityanath, it has been decided to implement Pandit Deendayal Upadhyaya Kisan Samridhi Yojana till 2026-27 with an estimated expenditure of Rs 602.68 crore -- Rs 501.59 crore from the state, Rs 51.25 crore from MNREGA and Rs 49.84 crore farmers' share -- a government spokesman said. Under the scheme, 2,19,250 lakh hectares of ravine and barren land reclamation will be done, the spokesman said. The operation of the scheme is proposed in

74 out of the state's 75 districts barring Gautam Budh Nagar and the Cabinet has authorised the chief minister to make required changes and amendments to the scheme.

<https://economictimes.indiatimes.com/news/india/up-cabinet-approves-extending-kisan-samridhi-yojana-by-five-years/articleshow/92211819.cms>

External

WTO's 12th ministerial conference: India demands IPR waiver on Covid vaccines

India cautioned the developed world that any global deal on the response to the Covid-19 pandemic would be incomplete without an intellectual property rights (IPR) waiver for vaccines and other products. Amid hectic parleys that took place till late night at the World Trade Organisation's 12th Ministerial Conference (MC12), New Delhi also opposed any move by the developed countries to dilute the proposed text on the issue, which is under negotiations and includes waiver of Trade-Related Aspects of Intellectual Property Rights (TRIPS) for these products.

<https://economictimes.indiatimes.com/news/economy/policy/wtos-12th-ministerial-conference-india-demands-ipr-waiver-on-covid-vaccines/articleshow/92189744.cms>

India's palm oil imports drop 10% in May as Indonesia curbs exports

India's palm oil imports in May fell 10% from a month ago as top producer Indonesia curbed exports of the edible oil, a trade body said on Tuesday. The south Asian country is the world's biggest importer of vegetable oils and lower purchases could weigh on Malaysian palm oil futures. India imported 514,022 tonnes of palm oil in May, down from 572,508 tonnes in April, according to the Solvent Extractors' Association (SEA) of India.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/indias-palm-oil-imports-drop-10-in-may-as-indonesia-curbs-exports/articleshow/92199726.cms>

Sugar mills foresee output spike, want 8 mn tonne OGL exports next season

In view of the expected surge in sugar production in the coming 2022-23 season that starts in October, sugar mills have urged the Centre to revisit its ongoing export policy and allow exports of about 8 million tonnes of the sweetener under Open General License (OGL) to maintain stable domestic market conditions. According to sources, the Indian Sugar Mills Association (ISMA) stated in a letter to the government a few days ago, that sugarcane acreage in the 2022-23 season is expected to be around 2 per cent higher than the current year. This, along with the likelihood of a normal monsoon, will take domestic sugar production to about 39.4 million tonnes, without considering diversion towards ethanol. This is similar to the estimated sugar production of the current year, which after accounting for 3.4 million tonnes diverted towards ethanol, has been pegged at 36 million tonnes.

https://www.business-standard.com/article/economy-policy/sugar-mills-foresee-output-spike-want-8-mn-tonne-ogl-exports-next-season-122061400990_1.html

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https://www.business-standard.com/article/economy-policy/india-s-palm-oil-imports-in-may-drop-10-as-indonesia-curbs-exports-122061400430_1.html