



July 5, 2022 – Tuesday

Economy

Govt committed to 6.4% fiscal deficit target for FY23, says report

India's macroeconomic fundamentals are strong to deal with global challenges and the central government is committed to stick to the fiscal deficit target of 6.4 per cent of the GDP for the current fiscal, sources said on Monday. The government is taking steps to deal with the spiralling crude oil prices in the international market, the sources said. India is 85 per cent dependent on imports to meet its crude oil needs and a weaker rupee makes imports costlier. Commodity prices, including of crude oil, are ruling high due to the ongoing Russia-Ukraine war and has led to inflationary pressures across countries, including India. The government is committed to stick to 6.4 per cent fiscal deficit target, the sources said, adding that steps are being taken to address situation arising out of rising crude oil prices.

https://www.business-standard.com/article/economy-policy/govt-committed-to-6-4-fiscal-deficit-target-for-fy23-says-report-122070400683_1.html

Highest 28% GST on luxury, sin goods to continue: Revenue Secretary

The government intends to continue with the top GST slab of 28 per cent for luxury and sin goods, but is open to discuss narrowing down the three slabs of 5, 12 and 18 per cent into two, Revenue Secretary Tarun Bajaj said on Monday. Addressing the industry leaders, Bajaj said the rate rationalisation exercise of the GST Council is a result of introspection of GST, five years after its rollout, and the policymakers do not have a "fetish" to raise the tax rates to the revenue-neutral level of 15.5 per cent. On the industry demand for bringing petroleum products under GST net, he said since fuel constitutes a larger part of their revenues, both the Centre and states have some apprehension. "We will have to wait for some time." "Of the 5, 12, 18 and 28 per cent, we would have to continue with 28 per cent because in a developing economy, in an economy with so much of income disparity, there would be some luxury and sin items that would and should attract a higher rate of taxation.

https://www.business-standard.com/article/economy-policy/highest-28-gst-on-luxury-sin-goods-to-continue-revenue-secretary-122070400578_1.html

Demand coming back due to govt measures, but uncertainties to stay for some time: CEA Nageswaran

While the Covid pandemic, followed by the geopolitical situation, hit economies worldwide, the Indian government's administrative and other measures are bringing back demand, said V Anantha Nageswaran, Chief Economic Advisor to the Government of India. "Steady rise in average level of GST collection are indicators of demand coming back," Nageswaran said in an interview with Shaleen Agrawal, at the Financial Express Modern BFSI Summit. However, one must be mindful of the uncertainties too, he added. "Even as there is momentum and the PMI manufacturing and services index also are at a high, we will have to accept the fact that uncertainties will be with us for some time. We need to also adapt our behaviour in terms of consumption, etc," Nageswaran said.

<https://www.financialexpress.com/economy/demand-coming-back-due-to-govt-measures-but-uncertainties-to-stay-for-some-time-cea-nageswaran/2581710/>

Banking and Finance

Sebi asks bourses, depositories to launch online complaint redressal system

To enable investors to lodge their complaints and track the status of redressal of such grievances, capital markets regulator Sebi on Monday asked stock exchanges and depositories to launch an online complaints redressal system of their own within six months. This is in line with the online platform, SCORES, launched by the capital markets regulator in June 2011 to help investors lodge their complaints, pertaining to the securities market, against listed companies and Sebi-registered intermediaries. "All recognized stock exchanges including commodity derivatives exchanges / depositories are advised to design and implement an online web-based complaints redressal system of their own, which will facilitate investors to file complaints and escalate complaints for redressal through Grievance Redressal Committee (GRC), arbitration, appellate arbitration etc. in accordance with their respective byelaws, rules and regulations," Securities and Exchange Board of India (Sebi) said in a circular. https://www.business-standard.com/article/markets/sebi-asks-bourses-depositories-to-launch-online-complaint-redressal-system-122070400910_1.html

Credit-deposit growth gap widens to a three-year high of nearly 5%

While credit growth in the system has picked up, deposit growth has not kept pace with credit growth, resulting in a widening of the gap to an over three-year high, thus exacerbating concerns that slow deposit growth could emerge as one of the biggest constraints for loan growth in the system. According to the latest Reserve Bank of India (RBI) data, credit growth in the system for the fortnight ended June 17 was 13.2 per cent and deposit growth was 8.3 per cent--a gap of 490 basis points. Credit offtake in the system has been quite robust the past few months due to several factors, including better utilisation of working capital limits by companies; robust growth in housing and consumption loans; and corporations taking the bank route to fund their projects instead of short-term paper because of hardening of rates there. As per the latest credit sectoral deployment data, retail credit grew 16.4 per cent; credit to services sector grew 12.9 per cent; agri portfolio saw 11.8 per cent growth; and industry sector witnessed 8.7 per cent growth. https://www.business-standard.com/article/economy-policy/credit-deposit-growth-gap-widens-to-a-three-year-high-of-nearly-5-122070400988_1.html

Don't stipulate solvency ratio for public sector general insurers: FinMin

The Union Finance Ministry has urged other ministries not to include solvency ratio criteria to government owned non-life insurers to participate in the tenders for general insurance needs. In an Office Memorandum, the Department of Financial Services under the Ministry of Finance requested other Ministries not to include solvency ratio as a criterion for participation of public sector general insurers in tenders. "This would enhance competition in the bidding process without compromising on the quality of services. It is also requested to bring this to the attention of all the procuring entities and organisations under the administrative jurisdiction of your Ministry/Department," the communication said. According to the Department of Financial Services, three government owned non-life insurers - National Insurance Company Ltd, Oriental Insurance Company Ltd and United India Insurance Company Ltd - do not have the stipulated solvency ratio of 1.5 of the liabilities. https://www.business-standard.com/article/economy-policy/don-t-stipulate-solvency-ratio-for-public-sector-general-insurers-finmin-122070400571_1.html

Pricing flexibility, lower credit cost to help revive NBFC-MFIs profitability this fiscal: Report

Non-Banking Financial Company-Microfinance Institutions (NBFC-MFIs) are likely to see revival in their profitability in the current fiscal, helped by the flexibility to set lending rates under the new regulatory framework for MFIs and lower credit cost, according to a report. Crisil Ratings said the present rising interest rate scenario is unlikely to impact the profitability of NBFC-MFIs as higher borrowing costs would be offset by steeper lending rates, cushioning net interest margins. "Enhanced flexibility to set lending rates will be one of the drivers supporting a revival in the profitability of NBFC-MFIs this fiscal," the report said on Monday. The other factors that will support the improvement in profitability include a reduction in credit cost and an increase in permissible household income limit, according to the new framework. These, in turn, will help enlarge the market in terms of target borrowers and geographies, especially in hinterland, it said. <https://www.financialexpress.com/industry/banking-finance/pricing-flexibility-lower-credit-cost-to-help-revive-nbfc-mfis-profitability-this-fiscal-report/2582617/>

Industry

Hotels, restaurants can't force customers to pay service charge: CCPA order

Amid rising consumer complaints, the Central Consumer Protection Authority (CCPA) on Monday barred hotels and restaurants from levying service charge automatically or by default in food bills and allowed customers to file complaints in case of violation. The CCPA has issued guidelines for preventing unfair trade practices and violation of consumer rights with regard to levying of service charge. "No hotels or restaurants shall add service charge automatically or by default in the bill," CCPA Chief Commissioner said in the guideline. Restaurants and hotels generally levy a service charge of 10 per cent on the food bill. The guidelines said there should not be any collection of service charge by any other name. No hotel or restaurant can force a consumer to pay service charge. They have to clearly inform the consumer that service charge is voluntary, optional and at consumer's discretion. "No restriction on entry or provision of services based on collection of service charge shall be imposed on consumers," the guideline added.

https://www.business-standard.com/article/current-affairs/hotels-restaurants-barred-from-levying-service-charge-ccpa-order-122070400859_1.html

EV sales bounce back in June; total registrations grow 10%

Sales of battery-powered vehicles have bounced back in June as total registered electric vehicle (EV) volumes saw a 10 per cent increase as compared to volumes of May 2022, supported by a recovery in electric two-wheeler sales and strong growth in the electric three-wheeler segment. The positive growth in June comes after two consecutive months of decline in overall registrations. Total EV registrations (all segments included) in June stood at 72,452 units as compared to 65,879 units in May and 72,590 units in April. The month of March saw the highest monthly registrations at 77,251 units, according to data on Vahan dashboard.

For Q1 of this fiscal, total EV registrations stood at 2.1 lakh units, the highest-ever quarterly volumes. In Q4 of FY22, total EV registrations stood at 1.79 lakh units. The year-ago quarter was impacted by the second wave.

<https://www.thehindubusinessline.com/companies/ev-sales-bounce-back-in-june-total-registrations-grow-10/article65599351.ece>

Govt directs steel industry to draw time-bound action plan to lower CO2 emissions

In line with the government's COP26 commitments, the Ministry of Steel has asked the stakeholders to develop a time-bound action plan to lower emissions in the steel industry. According to a ministry document, the iron and steel industry globally accounts for around 8 per cent of total carbon dioxide (CO2) emissions on an annual basis, whereas in India, it contributes 12 per cent to the total CO2 emissions. Thus, the Indian steel industry needs to reduce its emissions substantially in view of the commitments made at the COP26 climate change conference. India will meet a target of net zero emissions by 2070, Prime Minister Narendra Modi said at the COP26 global climate summit in November 2021. In a meeting held recently, Steel Minister Ram Chandra Prasad Singh "urged the stakeholders to develop a time-bound action plan and make concerted efforts for lowering the emissions from the steel industry in line with the commitments made by the Government in COP26".

<https://www.financialexpress.com/industry/govt-directs-steel-industry-to-draw-time-bound-action-plan-to-lower-co2-emissions/2581997/>

Agriculture

PACS may be allowed by Centre to sell petroleum products, run PDS shops

The Centre has proposed to allow primary agriculture credit societies (PACS) to undertake activities like dealership of petroleum products, running PDS shops, and developing hospital and educational institutions, in addition to their regular functions. In this regard, the Ministry of Cooperation has floated a draft 'Model By-laws of PACS' on which it has invited suggestions from the state governments and other stakeholders by July 19. The existing framework does not allow PACS to diversify in other areas apart from their core business. The draft model by-laws propose that PACS should be allowed to work as Bank Mitras and common service centres (CSCs), provide cold storage and godown facilities, set up PDS shops besides enabling them to work in dairy, fishery, irrigation and green energy sectors. The draft also says that PACS would be permitted to provide community-based service in the field of education, health, tourism and environmental and sustainable development activities.

https://www.business-standard.com/article/economy-policy/pacs-may-be-allowed-by-centre-to-sell-petroleum-products-run-pds-shops-122070400850_1.html

Energy

India to drop windfall tax if oil prices fall \$40 a barrel: Revenue Secy

India will only withdraw its windfall tax introduced last week for oil producers and refiners if global prices of crude fall as much as \$40 a barrel from present levels, Revenue Secretary Tarun Bajaj told Reuters on Monday. The tax on firms that have increased product exports to gain from higher overseas margins took effect on July 1, as the government moves to boost domestic supply and revenue. The taxes, and some accompanying export curbs, will hit the earnings of companies such as Reliance Industries, Nayara Energy, which is partly owned by Russia's Rosneft, the Oil and Natural Gas Corp, Oil India Ltd and Vedanta Ltd. "The taxation would be reviewed every 15 days," Bajaj said, adding that it would depend on international crude prices. "If crude prices fall, then windfall gains will cease and windfall taxes would also be removed." The government believes such windfall gains will cease once prices fall \$40 from existing levels, Bajaj said.

https://www.business-standard.com/article/economy-policy/india-to-drop-windfall-tax-if-global-prices-of-crude-fall-40-a-barrel-122070400330_1.html

Panel recommends various steps in CCUS 2030 road map

The government should provide capital grants to early carbon capture, utilisation, and storage (CCUS) projects, include CCUS in the national climate action plan, and help develop the carbon market, with a long-term objective to develop India as a carbon storage hub, an official panel has recommended in its draft report. The panel, comprising petroleum ministry officials, industry executives and academics has submitted a draft titled "2030 Roadmap for CCUS for Upstream Exploration & Production Companies" and is seeking comments from stakeholders. "Given that the world is still in the early stages of the CCUS revolution, India has a once-in-a-generation opportunity to emerge as a global CCUS innovation hub," the draft said. "Key enablers to achieving this will include incentives and R&D subsidies for the private sector to help position India as a global tech and entrepreneurial hub."

<https://economictimes.indiatimes.com/industry/renewables/panel-recommends-various-steps-in-ccus-2030-road-map/articleshow/92658201.cms>

Telecom

DoT issues advisory against use of signal jammers and repeaters by private organisations and individuals

The Department of Telecommunications (DoT) has issued an advisory against the use of cellular signal jammers, GPS blockers or other signal jamming devices by the general public, deeming it illegal unless specifically permitted by the government. In a memorandum issued in public interest on July 1, the DoT clarified that only states, union territories, defense forces and central police organisations can procure and use jammers approved by the government. The advisory stated that private sector organisations and private individuals cannot procure or use jammers in India. Further, the DoT stated that it is unlawful to advertise, sell, distribute, import or otherwise market jammers in India, except as permitted by the government guidelines.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/dot-issues-advisory-against-use-of-signal-jammers-and-repeaters-by-private-organisations-and-individuals/articleshow/92649645.cms>

States

2021 start-up ranking: Gujarat, Karnataka emerges as best performers

Gujarat and Karnataka emerged the "best performers" in the third edition of States' Start-up ranking, 2021, while Meghalaya bagged the top honour among Northeastern (NE) states. In the second edition of the survey, which was conducted in 2020, Gujarat was the best performer. States and UTs with a population of more than 10 million are ranked separately from those with a lower population. UTs and states are classified into five categories based on their performance in the survey. They are best performers, top performers, leaders, aspiring leaders and emerging start-up ecosystems. Top performers among the larger states include Kerala, Maharashtra, Odisha and Telangana. Among smaller states and UTs, Jammu and Kashmir was adjudged the top performer.

https://www.business-standard.com/article/companies/2021-start-up-ranking-gujarat-karnataka-emerges-as-best-performers-122070401100_1.html

Proposal to install solar panels on canals across Haryana, says Power Minister

Haryana Power Minister Ranjit Singh Chautala on Monday said the power department is preparing a proposal to install solar panels on canals across the state to produce clean energy. The minister said that the state government is paying special attention to promote the use of solar energy. "The Power Department is preparing a proposal to set up power plants through solar panels to be installed on canals across the state," he said while presiding over an official meeting in Fatehabad. He said that paddy stubble-based plants will also be set up at four places in the state for power generation. Out of these, a plant will also be set up in Fatehabad.

<https://www.financialexpress.com/industry/proposal-to-install-solar-panels-on-canals-across-haryana-says-power-minister/2582715/>

TN signs MoUs worth ₹1.25 lakh crore; to generate nearly 75,000 jobs

The Tamil Nadu Government on Monday signed 60 MoUs to bring in a cumulative investment worth ₹1.25 lakh crore and offer 74,898 jobs. In the last one year, the State had attracted investment worth ₹2.20 lakh crore (from 192 MoUs signed), according to State government data. At the Tamil Nadu Investors' First Port of Call - Investment Conclave, 53 facilitation MoUs were signed with an investment of ₹65,373 crore, offering employment opportunities to 58,478 people. The companies that signed the MOUs include Amplus (Petronas); Cubic PV and L&T. In addition, seven MoUs for projects that have been sanctioned with structured packages of incentives were signed with an investment value of ₹59,871 crore, providing 74,898 jobs. The firms include Lucas TVS, ACME Green Hydrogen and Tata Power.

<https://www.thehindubusinessline.com/news/national/tn-signs-mous-worth-125-lakh-crore-to-generate-nearly-75000-jobs/article65598215.ece>

Healthcare

India achieves complete vaccination of 90% of adult population: Mandaviya

Union Health Minister Mansukh Mandaviya on Monday informed that 90 per cent of India's adult population has been fully vaccinated with both vaccine doses against Covid-19. In the age group of 18-44 years, a total of 55,83,57,087 first doses and 50,22,61,478 second doses have been administered so far. The number of precaution doses administered in this group stands at 32,40,839, as per the health ministry report. India's Covid-19 vaccination coverage has exceeded 197.98 crore (1,97,98,21,197) as per provisional reports till 7 a.m. on Monday. This has been achieved through 2,58,55,578 sessions. So far, more than 3.69 crore adolescents have also been administered with the first dose of Covid-19 vaccine, said the ministry.

https://www.business-standard.com/article/current-affairs/india-achieves-complete-vaccination-of-90-of-adult-population-mandaviya-122070400898_1.html

FICCI bats for bringing healthcare under zero-rating GST

The exclusion of healthcare from the goods and services tax regime is leading to stranded input tax credit (ITC) according to the Federation of Indian Chambers of Commerce and Industry. In a letter to Finance Minister, Nirmala Sitharaman, the industry body has batted for a Zero rating Goods and Services Tax (GST) on healthcare services to enable the service providers to claim Input Tax Credit. "Enabling this would not only ensure that the input tax credit chain is intact but will also make compliances easier and ensure that the input taxes are not loaded into the cost of healthcare services," the FICCI letter said. FICCI also red-flagged the recent recommendation of the GST council to levy 12% GST on bio-medical waste treatment plants, and 5% GST on Room rent (exceeding Rs.5000 per day).

https://economictimes.indiatimes.com/news/economy/policy/ficci-bats-for-bringing-healthcare-under-zero-rating-gst/articleshow/92654494.cms?utm_source=ETTopNews&utm_medium=HPTN&utm_campaign=AL1&utm_content=23

NIRT plans study on whether booster BCG can help prevent tuberculosis

Scientists at the National Institute for Research in Tuberculosis are looking to launch a study to provide BCG revaccination to kids and adolescents aged 6-18 years who are household contacts of tuberculosis patients to gauge whether a booster BCG would help prevent the disease among them. The only clinically-approved tuberculosis (TB) vaccine -- Bacille Calmette Guerin (BCG) -- is given at the time of birth. The efficacy of BCG vaccination in newborns is well known and has a documented protective effect against meningitis and disseminated TB in children, Dr Padma Priyadarshini, Director, ICMR's National Institute for Research in Tuberculosis (NIRT) said.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/healthcare/nirt-plans-study-on-whether-booster-bcg-can-help-prevent-tuberculosis/articleshow/92659207.cms>

External

Exports rise by 17% to \$37.94 bn in June; trade deficit widens to \$25.63 bn

India's merchandise exports in June rose by 17 per cent year-on-year to \$37.94 billion while the trade deficit ballooned to a record \$25.63 billion, according to the government's preliminary data released on Monday. Imports expanded by 51 per cent to \$63.58 billion in June compared to the year-ago period, the data showed. The trade deficit stood at \$9.61 billion in June 2021. Cumulative exports in April-June 2022-23 rose by about 22.22 per cent to \$116.77 billion while imports increased 47.31 per cent to \$187.02 billion during the period. The trade deficit during the first three months of this fiscal widened to \$70.25 billion from \$31.42 billion in the year-ago period.

https://www.business-standard.com/article/economy-policy/exports-rise-by-17-to-37-94-bn-in-june-trade-deficit-widens-to-25-63-bn-122070400962_1.html

With global slowdown fears rising, India expected to focus more on services exports

The government is expected to rely heavily on boosting services exports as global slowdown could take a toll on the exports of goods, especially luxury ones. It also expects the Free Trade Agreements (FTAs) signed with Australia and UAE to aid the exports as the world stares at a slowdown, Times of India reported. The global slowdown has pushed the government to focus on growing services exports, which it aims to reach \$300 billion this year. After a 40 percent increase during the previous fiscal year, the target for goods exports is likely to be set at 10–12%. It is anticipated that export demand will be constrained as a result of rising interest rates in the US and other developed nations as a result of high inflation. This is particularly true given last year's rapid expansion, which saw the value of shipments surge to \$418 billion.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/with-global-slowdown-fears-rising-india-expected-to-focus-more-on-services-exports/articleshow/92646406.cms>

Ministerial panel to fast-track FTA plans

The government is weighing a proposal to set up an inter-ministerial panel comprising senior officials to iron out differences across various ministries and departments on proposals relating to free trade agreements (FTAs), an official source told FE. The move assumes significance, as the country is either negotiating or planning to start talks for a flurry of high-stake FTAs with key economies, such as the EU, the UK, Canada, Israel, members of Gulf Cooperation Council (GCC) and Australia. While New Delhi has clinched an interim deal with Canberra, talks for a full-fledged FTA could start soon. Together these economies (excluding the UAE, a part of the GCC, with which an FTA is already signed) contributed as much as \$108 billion, or 26%, to India's merchandise exports in FY22. An inter-ministerial committee for FTAs will come in handy, as differences on crucial and sensitive issues within ministries that oversee different sectors tend to delay negotiations. Often stakeholders with conflicting interests across sectors make the job difficult for negotiators, who are required to have clarity of purpose when they get into such high-stake talks, more so because these FTAs are going to guide the country's trade policies for years.

<https://www.financialexpress.com/economy/ministerial-panel-to-fast-track-fta-plans/2581343/>

WTO defers ruling on US' steel, aluminium tariff dispute with India, 5 others

The World Trade Organization (WTO) has pushed back its dispute panel's rulings on the US' tiff with India, China, Russia and three others nations over higher duties on some steel and aluminium products to the second half of this year citing "complexity of the issue". "Due to the complexity of the dispute, the Panel now expects to issue its final report to the parties no earlier than the last quarter of 2022," a Geneva-based official said. Norway, Turkey and Switzerland had also dragged the US to the WTO on Washington's move to impose 25% and 10% import duties on

certain steel and aluminium products in 2018. The US had said the duties were measures for national security. India had complained that the duties were inconsistent with provisions of the WTO's General Agreement on Tariffs and Trade (GATT) 1994, and of the Agreement on Safeguards. New Delhi had listed multiple violations of WTO norms, such as discrimination against its imports, introduction of restrictions in form of quotas and using tariffs to get other countries to agree to "voluntary export restraints", as the basis for the complaint, after which a panel was established by the Dispute Settlement Body (DSB) in December 2018.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/wto-defers-ruling-on-us-steel-aluminium-tariff-dispute-with-india-5-others/articleshow/92661687.cms>