



July 13, 2022 – Wednesday

## Economy

### Retail inflation eases a tad to 7.01% in June, above RBI's comfort zone for 6th straight month

Retail inflation dropped marginally to 7.01 per cent in June mainly due to slight easing in prices of vegetables and pulses, though it still remained above the Reserve Bank's comfort level for the sixth month in a row. The consumer price index (CPI) based inflation stood at 7.04 per cent in the preceding month of May and 6.26 per cent in June 2021. Inflation in the food basket in June 2022 was 7.75 per cent, compared to 7.97 per cent in the previous month, as per the National Statistical Office (NSO) data released on Tuesday. As per the data, the inflation print in vegetables eased to 17.37 per cent during the month from 18.26 per cent in May, while for 'pulses and products' it slowed to (-) 1.02 per cent against (-)0.42 per cent. However, the rate of price rise in 'cereals and products' moved up to 5.66 per cent, from 5.33 per cent in the preceding month. Inflation in the 'fuel and light' category rose to 10.39 per cent as against 9.54 per cent, while that for fruits increased to 3.10 per cent from 2.33 per cent.

<https://www.financialexpress.com/economy/retail-inflation-eases-marginally-to-7-01-in-june/2591646/>

### Industrial production grows 19.6% in May

India's industrial production rose 19.6 per cent in May 2022, according to the official data released on Tuesday. As per the Index of Industrial Production (IIP) data by the National Statistical Office (NSO), the manufacturing sector's output grew 20.6 per cent in May 2022. In May 2022, the mining output climbed 10.9 per cent, and power generation increased 23.5 per cent. The IIP had grown by 27.6 per cent in May 2021. Industrial production has been hit due to the coronavirus pandemic since March 2020, when it had contracted 18.7 per cent. It shrank 57.3 per cent in April 2020 due to a decline in economic activities in the wake of the lockdown imposed to curb the spread of coronavirus infections.

<https://www.financialexpress.com/economy/industrial-production-grows-19-6-in-may/2591627/>

### Current account deficit likely to touch USD 105 bln this fiscal: Report

The country's current account deficit is likely to touch USD 105 billion or 3 per cent of the GDP this fiscal, mainly due to continuously widening trade deficit, according to a report. In the report on Tuesday, Bank of America (BoFA) Securities revised upwards its Current Account Deficit (CAD) forecast by 0.4 percentage points for this financial year. Trade deficit in June widened to a record high of USD 25.6 billion from USD 24.3 billion in May. On a quarterly basis, the gap increased 122.8 per cent in June quarter to USD 70.33 billion from USD 31.43 billion in the year-ago period. The continuously widening trade deficit warrants a re-look at BoFA's CAD estimate, the report said.

<https://economictimes.indiatimes.com/news/economy/indicators/current-account-deficit-likely-to-touch-usd-105-bl-in-this-fiscal-report/articleshow/92834258.cms>

## Banking and Finance

### Banks to report mark-to-market losses of Rs 13,000 crore on rising bond yields: Report

Rising bond yields will force banks to report mark-to-market losses of up to Rs 13,000 crore on their investment portfolios in the April-June quarter, a report said on Tuesday. Profits will moderate for the quarter, but improved loan growth and operating profits will ensure that the banks' bottom lines remain "steady" for FY23, the report by

domestic rating agency Icra said. The agency estimated the system will report an incremental credit growth of 10.1-11 per cent or Rs 12-13 lakh crore in FY23. The banks have a higher holding of government securities, especially the ones with longer tenors, in their investment portfolios due to which the rising bond yields pose headwinds from a profitability perspective. The MTM (Mark-To-Market) losses on bond portfolios will come at Rs 8,000-10,000 crore for public sector banks and Rs 2,400-3,000 crore for private banks in Q1 FY23, the report said. The agency admitted that rising interest rates may moderate credit demand going forward, but expects the system to close FY23 with a credit growth of up to 11 per cent as against 9.7 per cent in FY22.

<https://www.financialexpress.com/market/banks-to-report-mark-to-market-losses-of-rs-13000-crore-on-rising-bond-yields-report/2591538/>

#### **Banks' gross NPA at 5.9%, a 6-year low, likely to improve: CARE Ratings**

Even though the gross non-performing assets (GNPA) of scheduled commercial banks in India has hit a six year low of 5.9 per cent in FY22, it can improve further, said CARE Ratings in a report. According to the credit rating agency, the GNPA of Indian banks at the end of FY22 was at 5.9 per cent and the overall provision coverage ratio (PCR) went up to 70.9 per cent. "As the Indian economy has navigated the pandemic-induced shocks, the bank credit growth by scheduled commercial banks (SCBs) improved post-August 2021 to reach 13.1 per cent in early June 2022, a rate last recorded in March 2019," the report said. Apart from retail, the major driver of this growth has been the wholesale credit, which reported double digit growth after witnessing a significant slowdown last year.

[https://www.business-standard.com/article/finance/banks-gross-npa-at-5-9-a-6-year-low-likely-to-improve-care-ratings-122071200636\\_1.html](https://www.business-standard.com/article/finance/banks-gross-npa-at-5-9-a-6-year-low-likely-to-improve-care-ratings-122071200636_1.html)

#### **Rupee settlement may bring annual savings of \$36 billion in hard currency**

The launch of international trade in Indian rupees could lead to annual savings of \$30-36 billion in hard currency and widen the scope for such trades with countries in the region, easing pressure on the exchange rate, experts told ET. The mechanism, which can be kicked off without delay with Russia, may be favourable for Indian government bonds as well. The surplus balance held in a special vostro account to be opened under the rupee payment mechanism can be used for investing in the local capital market by entities based in India's trading partners under the bespoke model.

<https://economictimes.indiatimes.com/news/economy/finance/rupee-settlement-may-bring-annual-savings-of-36-billion-in-hard-currency/articleshow/92838666.cms>

### **Industry**

#### **MSMEs are highly optimistic about their business growth, finds Khatabook survey**

Inflation in India might be at an all-time high but business sentiment from small businesses is steadily improving. The findings are a part of the Mid-Year MSME Business Sentiment Survey by the digital bookkeeping platform Khatabook to gauge the expectations and actual business performance of MSMEs. The survey reported that 71 per cent of the 7,295 MSMEs respondents are optimistic about business growth in the next six months of 2022 and only 5 per cent expect their business to slow down. The positive sentiment is on the back of the improved actual business performance in the first two quarters of the current fiscal, the survey noted. More than half, almost 58 per cent, MSME businesses confirmed improvement in the actual business in 2022. The growth is witnessed across industries and sectors from retailers, wholesalers, distributors, and manufacturers. Key MSME ecosystems in the states of Telangana, Rajasthan, Maharashtra, and Gujarat reported the fastest growth. About 66 per cent of MSMEs surveyed said they don't face any issue related to doing business but the rest found that weak demand, credit availability and working capital crunch, and delayed payments were concerns that remain to be solved.

<https://www.financialexpress.com/industry/sme/msme-eodb-msmes-are-highly-optimistic-about-their-business-growth-finds-khatabook-survey/2591747/>

#### **Auto, consumer companies boost imports on supply fears**

Automobile and consumer goods makers in India are beefing up their imports to stock up on raw materials, components and finished goods for the upcoming festive season as rising Covid cases in China fan fears of new restrictions that could hobble global supplies. Electronic companies said they are pushing up imports by 30-35% despite low demand and production cuts in the last two months due to inflation, fearing stricter restrictions in China

and an increase in shipping rates that could adversely impact their festive season inventory. In the passenger vehicle segment, demand remains strong despite inflationary pressures, but customers may have to wait longer if the supply situation worsens, industry executives said.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/auto-consumer-companies-boost-imports-on-supply-fears/articleshow/92836860.cms>

### **Food and beverage companies eye global tieups as business revives**

A dramatic comeback of the food and beverage (F&B) industry and booming consumption post declining Covid-19 cases is boosting tie-ups and partnership talks between global brands and domestic companies. India's restaurateurs are also eyeing ambitious global opportunities as other countries ease curbs. Food is the new fashion, Darshan Mehta, managing director of Reliance Brands, said as India's largest luxury to premium retailer announced its foray into the F&B space in June end through a tie-up with the global food chain Pret A Manger. Reliance Brands said it plans to launch the first outlet in Mumbai this fiscal year.

<https://economictimes.indiatimes.com/industry/services/hotels-/-restaurants/food-and-beverage-companies-eye-global-tieups-as-business-revives/articleshow/92836924.cms>

## **Agriculture**

### **Lag in kharif sowing to be covered in July as monsoon progresses: Official**

The lag in area coverage of kharif crops like paddy so far is not a concern and the gap will be covered in the current month with progress of monsoon rains, a senior Agriculture Ministry official said on Tuesday. Till last week, area sown to total kharif crops was down 9.27 per cent at 406.66 lakh hectare as compared to the year-ago period. Coverage of paddy, the main kharif crop, was also down 24 per cent at 72.24 lakh hectare from 95 lakh hectare, as per the ministry's data. Even sowing of some pulses like arhar, and oilseeds as well as cash crops remained lower till last week of the current kharif sowing season. "There is some lag in sowing of kharif crops so far but that is not a concern. That will be covered this month as the monsoon progresses," the official said. Sowing of kharif crops begins with the onset of southwest monsoon in June. However, lack of rains in June has led to delay in sowing. Now, the July rainfall is crucial.

<https://www.financialexpress.com/economy/lag-in-kharif-sowing-to-be-covered-in-july-as-monsoon-progresses-official/2591527/>

### **Govt unearths leakages of Rs 100 crore in urea usage in two months**

The Centre has unearthed leakages amounting to almost Rs 100 crore in urea during the past two months. The fertiliser, meant for agricultural purposes, had been diverted for industrial use. The amount also includes GST evasion in farm-grade urea. Officials said despite near saturation of neem-coated urea, 1-1.2 million tonnes of the nutrient is still getting diverted from farming to non-agricultural purposes, costing the exchequer around Rs 6000 crore a year. India imports 8-10 million tonnes of the 30-35 million tonnes of urea that it consumes each year. Officials said the Union Department of Fertilisers has constituted a special team of dedicated officers called, 'Fertilisers Flying Squad,' which has been conducting surprise checks and inspection of fertiliser and related units involved in diversion, black marketing, hoarding and supply of sub-standard fertilisers to farmers.

[https://www.business-standard.com/article/economy-policy/govt-unearths-leakages-of-rs-100-crore-in-urea-usage-in-two-months-122071201096\\_1.html](https://www.business-standard.com/article/economy-policy/govt-unearths-leakages-of-rs-100-crore-in-urea-usage-in-two-months-122071201096_1.html)

### **Centre wants to create framework for PPP in farm sector: Agriculture Secy**

With a focus on securing more investments and expertise from the private players in the agriculture sector, the government is keen to create a formal comprehensive framework for Public Private Partnership (PPP) in the sector, a senior government official said. Speaking at an event organised by industry body Ficci on the issue, Agriculture Secretary Manoj Sinha said work on the framework is currently ongoing and private players are encouraged to share their inputs. Sinha said it was crucial to have a framework that enabled more private players to easily enter the sector for scaling up central initiatives such as the push to reduce losses in the value chain for farm commodities. "Several players are working in silos. Being in the government, we can play the role of a conductor in a symphony orchestra. Can we bring about the synergy and work together," Ahuja said addressing an event organised by the industry chamber Ficci here.

[https://www.business-standard.com/article/economy-policy/centre-wants-to-create-framework-for-ppp-in-farm-sector-agriculture-secy-122071201093\\_1.html](https://www.business-standard.com/article/economy-policy/centre-wants-to-create-framework-for-ppp-in-farm-sector-agriculture-secy-122071201093_1.html)

## Infrastructure

### Faster security clearance of bidders on cards for PPP port projects

After losing Rs 6,000 crore on asset monetisation proceeds last fiscal due to delayed security clearances, the ministry of ports, shipping and waterways (MoPSW) is mulling a framework that would allow faster clearances of bidders for port development under the public-private partnership (PPP) mode. The ministry has written to other ministries, including home affairs, defence and external affairs, seeking a “positive and negative list” framework. Under this, prominent players and regular bidders in government tenders would not need to go through repeated clearances under normal circumstances. Since ports are a subject of national security, bidders during the pre-qualification stage of government tenders need to be cleared for security risks.

[https://www.business-standard.com/article/economy-policy/faster-security-clearance-of-bidders-on-cards-for-ppp-port-projects-122071201073\\_1.html](https://www.business-standard.com/article/economy-policy/faster-security-clearance-of-bidders-on-cards-for-ppp-port-projects-122071201073_1.html)

## Energy

### Renewable energy sector has potential to employ 10 lakh individuals by 2030, says IREDA

The country’s renewable energy sector has potential to employ 10 lakh individuals by 2030, IREDA Chairman & Managing Director Pradip Kumar Das said on Tuesday. “India’s Renewable Energy (RE) sector could potentially employ around 10 lakh people by 2030, which would be ten times more than the existing workforce of an estimated 1.1 lakh employed by the sector,” he said delivering the keynote address at an event on Renewable Energy Management for Cooperatives. More than 90 per cent of RE projects have come up in rural areas, resulting in development of the rural economy, he said in a statement. The programme is being organised by the Centre for International Cooperation and Training in Agriculture Banking (CICTAB) under the sponsorship of Ministry of Cooperation at VAMINICOM, Pune, Maharashtra. Das stressed on the need to enhance capabilities of cooperative groups to understand the effects of climate change and environmental degradation, for them to play an important role in making India green through RE.

<https://www.financialexpress.com/industry/renewable-energy-sector-has-potential-to-employ-10-lakh-individuals-by-2030-says-ireda/2591626/>

## States

### Karnataka to draft a rule governing the welfare of gig and platform workers

Karnataka's labour department is drafting a rule governing the welfare of gig and platform workers in consultation with stakeholders, including think-tank Ola Mobility Institute, and the National Law School of India University. The rule is expected to be ready in about a month’s time, labour minister Shivaram Hebbar told ET. It will, however, take effect only after the Centre notifies the date of implementation of the new labour codes. Like Karnataka, other states too may include gig and platform workers under their welfare schemes for unorganised workers as required under chapter IX of the code on social security (CoSS). “Since labour falls in the concurrent list of the Constitution, both Centre and the states have powers to frame the rules within the CoSS framework,” said additional labour commissioner G Manjunath.

<https://economictimes.indiatimes.com/tech/technology/karnataka-to-draft-a-rule-governing-welfare-of-gig-and-platform-workers/articleshow/92835050.cms>

### Meghalaya government launches MGNREGS in census towns

Meghalaya government has launched the MGNREGS in Census towns of the state. Chief Minister Conrad K Sangma, launched the MGNREGS in Census towns of Meghalaya at a function that was held at State Convention Centre. Sangma, expressing his gratitude to the Government of India, Ministry of Rural Development for clarifying the status of census towns, said that it was a simple issue but one which was not resolved for a very long time. “It was because of the ambiguity in the actual classification of census towns, the census towns could not derive benefits from neither the urban schemes nor the rural schemes and had missed out a lot of developmental programmes,” he said.

<https://economictimes.indiatimes.com/news/india/meghalaya-government-launches-mgnregs-in-census-towns/articleshow/92837429.cms>

## Healthcare

### Drug regulator approves country's first indigenously developed HPV by Serum Institute

India's drug regulator on Tuesday approved the country's first indigenously developed Human Papillomavirus Vaccine (HPV) by the Serum Institute of India (SII). "For the first time there will be an Indian HPV vaccine to treat cervical cancer in women that is both affordable and accessible," Adar Poonawalla, CEO, SII tweeted. The government proposes to target girls aged 9-14 years for vaccination against cervical cancer. Currently, the vaccine is available only in private hospitals and costs up to ₹4,000 per dose.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals/drug-regulator-approves-countrys-first-indigenously-developed-hpv-by-the-serum-institute/articleshow/92834945.cms>

### Generic drug companies in no hurry to launch new Covid products

After taking progressive measures in the last two years, Indian generic drugmakers are going slow in investing further on Covid-related products as the momentum begins to shift to other therapies, some pharmaceutical industry executives told ET. Dharmesh Shah, managing director of BDR Pharmaceuticals, said his company is not in a hurry to launch anything related to Covid-19 as cases begin to ebb. BDR Pharmaceuticals, a Mumbai-based active pharmaceutical ingredient (API) manufacturing company, has developed the API of antiviral pill Paxlovid and can manufacture the drug but it has decided to wait and watch, Shah said. "We will see if there is any need in the country to launch it," he told ET. "At present, cases are mild and are recovering with the conventional treatment."

<https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals/generic-drug-companies-in-no-hurry-to-launch-new-covid-products/articleshow/92836887.cms>

### As pandemic ebbs, hospitals see a rise in elective surgeries

Private hospitals and clinics across the board are seeing a 20-30% increase in elective procedures compared with pre-pandemic levels, as people who have delayed or cancelled surgeries for fear of Covid infections in the last two years are now queuing up to get those done. Elective surgeries are planned procedures and don't involve a medical emergency. These include joint replacements, as well as piles, kidney stones, hernia, cataract, vascular, lipoma and cosmetic dental procedures. Elective procedures constitute about 50% of hospital revenue. Most of the procedures are borne out-of-pocket as they are not covered or only partially covered by insurance. With the onset of pandemic, elective procedures took a major hit.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/healthcare/as-pandemic-ebbs-hospitals-see-a-rise-in-elective-surgeries/articleshow/92836956.cms>

## External

### Exports likely to record reasonable level of growth in 2022-23: Piyush Goyal

The country's exports are likely to register a "reasonable level" of growth in the current financial year despite the global uncertainties on the trade front, Commerce and Industry Minister Piyush Goyal has said. Clearly, there are signs of a global slowdown in international trade and India is keeping a "watchful" eye on the developments by talking to all the export promotion councils and large exporters, and engaging with the Indian missions abroad, he said. In the current global situation, "our exports will stand on the basis of price competitiveness and quality...We will calibrate the expectations of exports based on the ground reality," the minister told PTI. When asked if figures like USD 450 billion or USD 500 billion worth of goods exports in 2022-23 look ambitious in this situation, he said the ministry has not yet come to any final figure or an export target for the current year, and it is in consultations with all the stakeholders on that. "The whole world is facing severe challenges, Covid is not yet over...There is a geopolitical situation, which is not conducive, inflation worldwide is (a matter) of concern, petroleum products are still at high prices, food security concerns also are before us, and fertiliser shortages in many parts of the world are reported.

<https://www.financialexpress.com/economy/exports-likely-to-record-reasonable-level-of-growth-in-2022-23-piyush-goyal/2591073/>

### **Re payment for trade to boost rice, tea exports to Russia, Iran**

The Reserve Bank of India's move to put in place a mechanism to settle international trade in rupees will boost tea and basmati rice exports to Russia and Iran, where they had been facing problems over payment. Russia and Iran are major buyers of Indian tea and the latter is also a major destination for basmati rice. Both these countries are facing Western sanctions. Mohit Agarwal, director, Asian Tea, a leading tea exporting firm, said "The government's move will help to sort out the payment issue. It will not only increase tea exports to Russia and Iran but will also help India to increase its tea exports to the UAE, Kazakhstan and China, and will remove the currency risk from our balance sheets."

<https://economictimes.indiatimes.com/news/economy/foreign-trade/re-payment-for-trade-to-boost-rice-tea-exports-to-russia-iran/articleshow/92836619.cms>