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Economy

Morgan Stanley cuts India's FY23 GDP forecast to 7.2%

After Nomura slashed India's 2023 GDP growth forecast to 4.7 per cent from its earlier projection of 5.4 per cent amid recession fears and rising interest rates, analysts at Morgan Stanley, too, have lowered their GDP growth estimates. They now expect the Indian economy - as measured by GDP - to grow at 7.2 per cent in fiscal 2022-23 (FY23), 40 basis points (bps) lower than their earlier estimates. For FY24, the revised projection stands at 6.4 per cent - down 30 bps. Global growth, Morgan Stanley said, is likely to slow to 1.5 per cent YoY in quarter ending December 2022 from 4.7 per cent in the quarter ended December 2021. Slower trade growth, tighter financial conditions and changes in commodity prices are the three main reasons, it said, is why they see the pace of global growth slow going ahead. Morgan Stanley expects the CPI inflation to average 6.5 per cent in F23, as compared to its forecast of 7 per cent earlier. However, they do not expect much change in inflation beyond FY23, and expect it to average 5.3 per cent in FY24. The near-term risks to the inflation trajectory, it said, stem from changes in commodity prices and/or domestic food prices.

https://www.business-standard.com/article/economy-policy/morgan-stanley-cuts-india-s-fy23-gdp-forecast-to-7-2-122071800442_1.html

Jobs generated under MGNREGS stay high

Employment generated under Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) remained high for the second consecutive month in June, reflecting instability in the rural labour market. MGNREGS is the government's flagship rural job guarantee scheme. It guarantees 100 days of work a year to every rural household. Data from the MGNREGA website shows work provided to households in June stood at 27.2 million compared with 26.1 million in May, an increase of 4.2% while the person-days work generated under the scheme last month was 412 million, a dip of 5.5% compared with 435 million in May.

<https://economictimes.indiatimes.com/jobs/jobs-generated-under-mgnregs-stay-high/articleshow/92948341.cms>

Pension, health benefits for workers on e-Shram portal

Over 270 million unorganised workers registered on the e-Shram portal will soon get pension and health benefits, over and above the accidental cover, as the labour ministry works towards enhancing the benefit basket for these workers. Some of the beneficial schemes that can be added include Pradhan Mantri Shram Yogi Maandhan Yojana, the National Pension Scheme for traders and self-employed, the Atal Pension Yojana and the Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana, among others. Currently, workers who register themselves on the e-Shram portal get ₹2 lakh accidental coverage under the Pradhan Mantri Suraksha Bima Yojana. There are 279.7 million workers registered on the e-Shram portal as on date.

<https://economictimes.indiatimes.com/news/economy/policy/pension-health-benefits-for-workers-on-e-shram-portal/articleshow/92965116.cms>

Pre-packed, labelled cereals, pulses, flour weighing more than 25 kg exempt from 5% GST: FinMin

Single packages of unbranded pre-packed and labelled food items like cereals, pulses and flour weighing in excess of 25 kg are exempt from 5 per cent GST levy. The Central Board of Indirect Taxes and Customs on Sunday late night

issued FAQs clarifying various doubts and said only pre-packed items up to 25 kg will attract 5 per cent GST but if a retail shopkeeper supplies in loose quantity the item bought from a manufacturer or a distributor in a 25-kg pack, such sale to consumers will not attract GST. Last week, the government had notified that from July 18, unbranded pre-packed and labelled food items would attract 5 per cent Goods and Services Tax. So far, only branded items used to attract the levy. As per the FAQs, pre-packaged and labelled food items (such as pulses, cereals like rice, wheat, flour etc), would fall within the purview of the definition of 'pre-packaged commodity' under the Legal Metrology Act, 2009, if such packages contain a quantity up to 25 kilogram (or 25 litres). "It is clarified that a single package of these items (cereals, pulses, flour etc.) containing a quantity of more than 25 Kg/25 litre would not fall in the category of pre-packaged and labelled commodity for the purposes of GST and would therefore not attract GST," it said.

<https://www.financialexpress.com/economy/pre-packed-labelled-cereals-pulses-flour-weighing-more-than-25-kg-exempt-from-5-gst-finmin/2597204/>

Banking and Finance

Flows into NRI deposits moderate in April-May

Even as the Reserve Bank of India (RBI) has eased the rules for dollar inflows into non-resident Indian (NRI) deposits, the flows in May moderated, leaving the outstanding funds at \$137.09 billion, compared with \$139.2 billion at the end of April, according to Reserve Bank of India (RBI) data. Flows in April-May 2022 were \$422 million, compared with \$2.42 billion in the corresponding period of 2021. The FCNR (B) deposits saw an outflow of \$1 billion in the April-May period compared with an outflow of \$597 million in April-May 2021. Inflows into the NRE accounts were smaller at \$1 billion in April-May this year down from \$2.7 billion in the comparable period of last year. Outstanding deposits at the end of March were \$139.02 billion, a shade lower than \$141.89 billion a year ago, RBI data shows. During the year, the flows moderated sharply to \$3.23 billion from \$7.36 billion in the previous year. The RBI recently rolled out a series of steps to attract dollar inflows following the relentless portfolio outflows and rupee depreciation.

<https://www.financialexpress.com/economy/flows-into-nri-deposits-moderate-in-april-may/2596978/>

Over 1.18 crore MSMEs, other businesses supported under ECLGS during FY21, FY22: Govt

23 lakh MSMEs and other businesses were supported under the government's Emergency Credit Line Guarantee Scheme (ECLGS) during the financial year 2021-22, according to the data shared by Union Minister of State for Finance Bhagwat Karad in Lok Sabha on Monday. However, in its first financial year 2020-21, the scheme (launched in May 2020) had 95.41 lakh beneficiaries in terms of loans guaranteed, indicating maximum businesses impacted due to Covid sought support during FY21. Overall, 1,18,41,981 businesses were supported as of March 2022 with fully guaranteed collateral-free loans. Karnataka was the top beneficiary state with 4.12 lakh businesses supported during FY22 followed by 2.49 lakh businesses from Rajasthan, 2.46 lakh borrowers from Tamil Nadu, 1.84 lakh from Bihar, and 1.76 lakh from Madhya Pradesh among top five states, data showed. Around 95.21 per cent of total ECLGS beneficiaries as of March 11 have been MSMEs, Karad had said during the Budget session earlier this year.

<https://www.financialexpress.com/industry/sme/msme-fin-over-1-18-crore-msmes-other-businesses-supported-under-eclgs-during-fy21-fy22-govt/2597657/>

Govt, RBI measures help banks recover bad loans worth over Rs 8.6 lakh crore in last 8 fiscal

Concrete steps taken by the government and RBI helped banks recover bad loans worth over Rs 8.6 lakh crore in the last eight financial years, the government informed Parliament on Monday. Minister of State for Finance Bhagwat Karad in a written reply to the Lok Sabha said the occurrence of non-performing assets (NPAs) is normal, although an undesirable, corollary to the business of banking. Several factors — including prevailing macroeconomic conditions, sectoral issues, global business environment, delayed recognition of stress by banks, aggressive lending during upturns, improper risk pricing and poor credit underwriting — are attributed towards NPA build-up, he said. "Government and RBI (Reserve Bank of India) regularly issue guidelines and have taken several initiatives aimed at resolution of long-standing stressed assets on the books of banks as well as timely identification and recognition of stress immediately upon default and take corrective action for mitigation of the same," Karad said.

<https://www.financialexpress.com/industry/banking-finance/govt-rbi-measures-help-banks-recover-bad-loans-worth-over-rs-8-6-lakh-crore-in-last-8-fiscal/2597668/>

Markets should be able to withstand inflation up to 8%: Credit Suisse

Indian equity markets should be able to withstand inflation up to 8 per cent, said analysts at Credit Suisse Wealth Management in a recent note. Should the rate of inflation move higher than this, the valuation of Indian equities could deteriorate further, they cautioned. The fall from the peak levels has seen Nifty's 12-month forward price-to-earnings (P/E) ratio of 17.6 dip toward its 10-year and 5-year (pre-COVID) average of 16.9, which suggests that valuation froth of Indian equities has settled, said the Credit Suisse analysts. Over the next few quarters, Credit Suisse Wealth Management expects corporate earnings to come under pressure as businesses and consumer confidence get hit by aggressive central bank tightening. As a result, it expects 4 per cent – 5 per cent EPS (earnings per share) cuts to Nifty consensus earnings estimates for the next couple of years. The key risks to India's economy, and thus the markets, stem from crude oil prices and a worsening balance-of payment situation, Credit Suisse said.

https://www.business-standard.com/article/markets/markets-should-be-able-to-withstand-inflation-up-to-8-credit-suisse-122071801033_1.html

RBI wants govt to prohibit cryptocurrencies: FM Sitharaman tells Parliament

Finance Minister Nirmala Sitharaman on Monday said the RBI has expressed concerns over cryptocurrencies saying that they should be prohibited as they can have destabilising effect on the monetary and fiscal stability. "In view of the concerns expressed by the RBI on the destabilising effect of cryptocurrencies on the monetary and fiscal stability of a country, the RBI has recommended for framing of legislation on this sector. The RBI is of the view that cryptocurrencies should be prohibited," she said in a written reply to the Lok Sabha. She said the RBI had registered its concern over the adverse effect of cryptocurrencies on the Indian economy. The RBI mentioned that cryptocurrencies are not a currency because every modern currency needs to be issued by the central bank or the government, she said.

https://www.business-standard.com/article/markets/rbi-wants-govt-to-prohibit-cryptocurrencies-fm-sitharaman-tells-parliament-122071800639_1.html

Industry

Retail businesses witness 13 pc sales growth in Jun: Report

Retail businesses across India witnessed 13 per cent sales growth in June compared to the pre-pandemic levels of the same month in 2019, Retailers Association of India said on Monday. Although sales last month were higher than the pre-pandemic levels, the second half of June was not very encouraging, and the impact of inflation on consumer spending is still a worry, which may affect the upcoming festive sales, Retailers Association of India (RAI) said in a statement. As per RAI's latest business survey, retail businesses in the eastern region posted the highest growth last month, with a rise of 17 per cent over June 2019, followed by the north at 16 per cent, west at 11 per cent and south at 9 per cent. As per RAI's latest business survey, retail businesses in the eastern region posted the highest growth last month, with a rise of 17 per cent over June 2019, followed by the north at 16 per cent, west at 11 per cent and south at 9 per cent.

<https://www.financialexpress.com/industry/retail-businesses-witness-13-pc-sales-growth-in-jun-report/2597644/>

Electronics companies bat for parts makers from China

Electronics manufacturers have asked the government to allow smaller component makers from China to set up shop in the country to deepen the manufacturing ecosystem and make India more competitive. Toward this end, they have sought clarity on the foreign direct investment (FDI) policy as it applies to countries sharing a land border with India. The India Cellular and Electronics Association (ICEA) also sought "immediate payment" of all incentives and dues payable to the industry under various programmes, including the production-linked incentive (PLI) scheme and other export promotion plans, in a June 23 letter to the Prime Minister's Office. "A clarity on FDI policy needs to be defined in view of the press note (Press Note 3 of 2020) to facilitate shifting of companies which will help create the ecosystem, (bring) investments, create jobs, facilitate skill improvement, and help develop the overall sector," ICEA chairman Pankaj Mohindroo said in the letter. He added that the lack of clarity on the policy for enabling shifting of global value chains (GVCs) with their ecosystems to India can hurt the operations and mechanisms of companies looking to make the move.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/electronics-companies-bat-for-parts-makers-from-china/articleshow/92966536.cms>

Mall operators don't have room for brands with poor sales

The sales performance guarantee clause, where a retailer must meet a certain sales target failing which the mall has the right to seek the vacation of the space, is back as malls have started terminating contracts of brands that are unable to perform. While organised malls used to have this in the contract before the pandemic, new malls are also making it part of the contract as most retailers are asking for revenue share. "In our standard lease, we have a sales performance guarantee. In the first 30 months, we work on minimum guarantee and revenue share. We set a target for every retailer for 30-36 months of the contract and if they fail to achieve that, we have the right to terminate the contract. During Covid, there was no action, but since sale has breached the pre-Covid levels for most retailers, we have again started the review," said Pushpa Bector, executive director at DLF Retail that operates several malls in National Capital Region.

<https://economictimes.indiatimes.com/industry/services/retail/mall-operators-dont-have-room-for-brands-with-poor-sales/articleshow/92965135.cms>

Agriculture

Govt forms 29-member panel to make MSP effective; doors for SKM kept open

The Centre has set up a 29-member committee, as promised by Prime Minister Narendra Modi, that will look into how to make the minimum support price (MSP) more effective and transparent. Besides, it will also suggest measures to promote zero-budget natural farming and crop diversification to fulfil the changing needs of the country. In a notification dated July 12 but posted on the website on Monday, the agriculture ministry said the panel, to be headed by former agriculture secretary Sanjay Agrawal, will suggest "to make available MSP to farmers of the country by making the system more effective and transparent." However, there is no mention about the tenure of the panel by which it should submit the report. The panel will study the practicality of giving more autonomy to the Commission for Agricultural Costs and Prices (CACCP) and suggest measures to make it more scientific. Other task of the panel includes reforms in Agricultural Marketing System to ensure higher value to farmers for their produce.

<https://www.thehindubusinessline.com/economy/agri-business/govt-forms-29-member-committee-to-make-msp-effective-doors-for-skm-kept-open/article65655193.ece>

Kharif sowing of tomato, onion, potato at comfortable levels

The sowing of tomato, potato and onion is at comfortable levels this kharif season with area acreage under cultivation for these crops being at the same levels as last year, a senior official at the agriculture and farmers' welfare ministry said. The total area sown with onion in five major producer states of Karnataka, Andhra Pradesh, Tamil Nadu, Telangana and Madhya Pradesh was at 26,840 hectares as on July 5, against 26,670 hectares in the corresponding period in 2021, data from the ministry shows. The total area sown with kharif potato in top five states of Uttarakhand, Himachal Pradesh, Maharashtra, Karnataka and Tamil Nadu was 36,120 hectares as on July 5 against 36,510 hectares a year earlier.

<https://economictimes.indiatimes.com/news/economy/agriculture/kharif-sowing-of-tomato-onion-potato-at-comfortable-levels/articleshow/92964444.cms>

Sugar industry seeks 10 lakh tonnes additional export quota

Ahead of the meeting of the committee of secretaries, the sugar industry has sought release of 10 lakh tonnes (lt) of additional export quota to mills and bringing back export under the "free" category from next season starting October 1. A sizeable quantity is likely to be cleared even if the government does not approve the entire 10 lt, sources said. The committee of secretaries, headed by the Cabinet Secretary, is likely to take a decision this week on the issue after considering its possible impact on the domestic market, the sources said. In a letter to Food Secretary, Aditya Jhunjunwala, President of the Indian Sugar Mills Association (ISMA), is believed to have conveyed the industry's demands citing better sugarcane availability in the next season (October-September) as mills in Maharashtra are likely to start crushing in October itself.

<https://www.thehindubusinessline.com/economy/agri-business/sugar-industry-seeks-10-lakh-tonnes-additional-export-quota/article65653796.ece>

Infrastructure

NH construction to be around 32-34 km per day during this fiscal: Crisil

India's national highway construction will likely reach only 32-34 km per day during the current financial year as input prices are expected to remain elevated, rating agency Crisil said on Monday. The rating agency further said it expects the pace of highway construction to pick up post monsoon. India's national highway construction slowed to 28.64 km a day in 2021-22, due to COVID-19 pandemic-related disruptions and a longer-than-usual monsoon in some parts of the country. The pace of national highway (NH) construction in the country had touched a record 37 km per day in 2020-21. Crisil said National highway projects hit a speed bump in the first quarter of this fiscal, with awarding by the Ministry of Road Transportation and Highways (MoRTH), including the National Highways Authority of India (NHAI), falling a sharp 42 per cent on-year to 969 km. Construction also slackened, down 14 per cent on-year to 1,966 km, translating to 22 km per day, as a surge in input prices led to developers delaying procurement of materials, it added.

https://www.business-standard.com/article/economy-policy/nh-construction-to-be-around-32-34-km-per-day-during-this-fiscal-crisil-122071800576_1.html

Bharatmala Project sees costs almost double, likely to be completed six years late

The Centre's long in-the-works Bharatmala Project - an ambitious plan to develop over 30,000 km in national highways - is seeing time and costs rise, according to a new report. According to the Icara authored report, the project is likely to be complete in FY28, a six year delay from the original timeline. As it stands, the cost of the project has already risen by 99% to Rs 10.63 lakh crore and is poised to see another 15-20% increase. First announced in July 2015, the project was originally estimated to cost the country Rs 5.35 lakh crore to develop 24,800 km of national highways and a residual 10,000 km of highways pending under the erstwhile National Highway Development Programme by FY22.

<https://economictimes.indiatimes.com/industry/transportation/roadways/bharatmala-project-sees-costs-almost-double-likely-to-be-completed-six-years-late/articleshow/92960972.cms>

Industrial, warehousing leasing up 7pc in Jan-June across 5 cities: Report

Leasing of industrial and warehousing spaces across five cities rose 7 per cent to 10.8 million square feet in January-June period on better demand, according to Colliers India. The gross leasing or absorption stood at 10.1 million square feet in the first six months last year in five major cities namely Delhi-NCR, Mumbai, Chennai, Bengaluru and Pune. Leasing increased in Mumbai and Pune but fell in Bengaluru and Chennai. Absorption of industrial and warehousing space remained flat at 3 million square feet in Delhi-NCR. The gross absorption refers to the actual leasing and does not include renewals. "About 55 per cent of the gross absorption was led by third-party logistics players, followed by the engineering and automobile sectors with a share of 12 per cent each," Colliers India said in a statement. As per the data, Bengaluru saw 29 per cent decline in leasing activities to 1.4 million square feet during January-June 2022 from 2 million square feet in the corresponding period of the previous year. Leasing in Chennai fell 16 per cent to 1.7 million square feet from 2 million square feet. However, Mumbai saw three-fold jump in leasing to 2.1 million square feet from 0.7 million square feet.

<https://www.financialexpress.com/industry/industrial-warehousing-leasing-up-7pc-in-jan-june-across-5-cities-report/2597606/>

Telecom

Telcos deposit ₹21,800 crore as EMD to the government for 5G auction

Reliance Jio has deposited the highest amount of ₹14,000 crore as earnest money deposit (EMD) for the upcoming spectrum auctions, followed by Bharti Airtel with ₹5,500 crore, Vodafone-Idea with ₹2,200 crore, and Adani Enterprises with ₹100 crore as EMD, indicating an aggressive bidding from incumbent operators in the upcoming 5G auction. The auction of spectrum in the 600 MHz, 700 MHz, 800 MHz, 900 MHz, 1800 MHz, 2100 MHz, 2300 MHz, 2500 MHz, 3300 MHz, and 26 GHz bands will start on July 26. A total of 72 GHz (gigahertz) of spectrum, worth at least ₹4.3 lakh crore, will be put on the block during the auction. According to the list of pre-qualified bidders posted on the website of the Department of Telecommunications (DoT), these companies "can bid in any band in any licenced service area (LSA) subject to eligibility points (EPs)/EMD/spectrum cap".

<https://www.thehindubusinessline.com/info-tech/telcos-deposit-21800-crore-as-emd-to-the-government-for-5g-auction/article65654789.ece>

States

Tamil Nadu government hikes power tariff, spares 1 crore consumers

The Tamil Nadu government on Monday announced a hike in the power tariff for TANGEDCO consumers proposing an increase of Rs 27.50 (per month) for those using up to 200 units and 65 paise per unit rise for railways and educational institutions. There would be no change in the scheme of providing free electricity of up to 100 units, Electricity Minister V Senthil Balaji said and claimed the increase was inevitable to reduce the mounting debts of the state power utility. "The electricity tariff in Tamil Nadu has been proposed to increase without affecting the public. We hope to make up for the huge Rs 12,647 crore debt the TANGEDCO has acquired over the last decade," Senthil Balaji told reporters here. There will be no change in electricity charges for 42 per cent of the households. "Consumers can opt for waiver of subsidised power of up to first 100 units power consumed if they do not require," the Minister said.

<https://economictimes.indiatimes.com/industry/energy/power/tamil-nadu-government-hikes-power-tariff-s pares-1-crore-consumers/articleshow/92963691.cms>

Healthcare

Indian hospital chains sense the need of the times, head overseas

Indian hospital chains are trying to flip the medical tourism model, by speeding up direct entry into geographies such as the Middle East, Southeast Asia, Africa and the rest of South Asia that are the sources of patients to India for various ailments. Executives at top hospital chains told ET that the decision to go international has been on the anvil even before Covid, but now they are seeing a need to hasten that process due to accelerating inflation, high travel costs, and also the respective governments' push to generate local employment and cut dollar outflow. Apollo Hospitals, India's largest healthcare provider, is at the forefront of this global push.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/healthcare/indian-hospital-chains-sense-the-need-of-the-times-head-overseas/articleshow/92965134.cms>

External

At around \$1 bn, travel accounts for half of outward remittances in May

Outward remittances by domestic residents were stable sequentially at \$2.03 billion in May 2022 with close to \$1 billion being spent on travel. For April 2022, the figure is about \$2.02 billion. According to Reserve Bank of India (RBI) data, total remittances rose by 61.8 per cent year-on-year (YoY) to \$2.03 billion in May 2022 from \$1.25 billion in May 2021. Spending on international travel more than tripled to \$994 million in May 2022 YoY from \$294 million as Covid-related curbs eased in various countries. Spending on travel was \$6.91 billion in FY22. This is more than twice of the amount spent in FY21. In FY20, however, spending on travel was almost \$6.95 billion. Besides travel, three key heads for spending in May 2022 were maintenance of relatives at \$336 million (\$237 million in May 2021), gifts at \$248 million (\$149 million) and studying abroad at \$264 million (\$429 million). This is under the Liberalised Remittance Scheme (LRS) for resident individuals.

https://www.business-standard.com/article/economy-policy/at-around-1-bn-travel-accounts-for-half-of-outward-remittances-in-may-122071801032_1.html

Govt notifies method for IMC nod for atta export; maida, rava exports condition-free

The government on Monday notified the procedure to submit requests for seeking the approval of the inter-ministerial committee (IMC) to export wheat flour (atta) as per which the exporters would have to submit the purchase order or copy of the invoice along with documentary evidence in case the firm is ISO 22000 compliant. "The export of maida, semolina (rava, sirgi), however remains free without any condition," the Directorate General of Foreign Trade (DGFT) said in a trade notice. As per the notice, for getting the required NOC from IMC for atta exports, exporters will be required to submit their request in ANF 2N application form (meant for export licence for restricted items) only through the online module of DGFT along with a processing fee of Rs 1,000.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/govt-notifies-method-for-imc-nod-for-atta-export-maida-rava-exports-condition-free/articleshow/92963784.cms>

Russia steps up tea purchase from India, even pays a premium

Russia has stepped up purchase of tea from India in the last fortnight and is even paying a premium for the brew. Increased demand from a country which is one of the largest buyers of Indian tea has resulted in as much as a 50% jump in the prices of orthodox tea - loose leaf tea manufactured in the traditional way. Prices of good-quality CTC tea have also zoomed by up to 40%, since Russia consumes this variety as well.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/russia-steps-up-tea-purchase-from-india-even-pays-a-premium/articleshow/92964676.cms>