



July 27, 2022 – Wednesday

Key Developments

Sebi notifies social stock exchange framework

Capital markets regulator Sebi has notified a framework for the social stock exchange to provide social enterprises with an additional avenue to raise funds. The framework for the Social Stock Exchange (SSE) has been developed on the basis of the recommendations of a working group and technical group constituted by the regulator. The social stock exchange is a novel concept in India and such a bourse is meant to serve the private and non-profit sectors by channelling greater capital to them. The idea of SSE was first floated by Finance Minister Nirmala Sitharaman in her Budget Speech 2019-20. Under the new rules, SSE will be a separate segment of the existing stock exchanges, according to the three separate notifications issued by the Securities and Exchange Board of India (Sebi) on Monday. <https://economictimes.indiatimes.com/markets/stocks/news/sebi-notifies-social-stock-exchange-framework/articleshow/93136676.cms>

Economy

IMF slashes India's FY23 GDP growth forecast by 80 bps to 7.4%

The International Monetary Fund (IMF) on Tuesday slashed growth forecast for India by 80 basis points to 7.4 per cent for FY23 citing less favourable external conditions and rapid policy tightening by the central bank. In its update to the April World Economic Outlook, IMF said though a global recession in 2022 is ruled out with growth estimate of 3.2 per cent, the balance of risks is squarely to the downside, driven by a wide range of factors that could adversely affect global economic performance. "The risk of recession is particularly prominent in 2023, when in several economies growth is expected to bottom out, household savings accumulated during the pandemic will have declined, and even small shocks could cause economies to stall. For example, according to the latest forecasts, the United States will have real GDP growth of only 0.6 percent in the fourth quarter of 2023 on a year-over-year basis, which will make it increasingly challenging to avoid a recession," it added.

https://www.business-standard.com/article/economy-policy/imf-slashes-india-s-fy23-gdp-growth-forecast-by-80-bps-to-7-4-122072601026_1.html

Defence ministry approves arms procurement proposals worth Rs 28,732 cr

The defence ministry on Tuesday approved the procurement of military equipment and weapons worth Rs 28,000 crore, including swarm drones and close-quarter battle carbines, to bolster the overall combat prowess of the armed forces along the northern and western borders. The procurement proposals were cleared by the Defence Acquisition Council (DAC) headed by Defence Minister Rajnath Singh. "The Acceptance of Necessity (AoN) for capital acquisition proposals of the armed forces amounting to Rs 28,732 crore were accorded by the DAC," the defence ministry said in a statement. The approval to the new procurement proposals came amid India's lingering border row with China in eastern Ladakh. The ministry said the approval to procure four lakh close-quarter battle carbines was granted to combat the "current complex paradigm of conventional and hybrid warfare" and terrorism at the borders.

https://www.business-standard.com/article/economy-policy/defence-ministry-approves-arms-procurement-proposals-worth-rs-28-732-cr-122072601068_1.html

Banking and Finance

RBI asks UCB Boards to review loan policy every financial year

The Reserve Bank has directed UCBs that the bank's board review its loan policy at least once a year with immediate effect. "In order to ensure that the loan policy reflects approved internal risk appetite and remains in alignment with the extant regulations, it is advised that the loan policy of the bank shall be reviewed by the Board at least once in a financial year" the RBI said in a notification on Tuesday. The above instructions will come into effect immediately, RBI said. The banking regulator noted that it has been observed in several UCBs that these policies not only lack comprehensive coverage, but also do not require a periodic review. According to the April master guidelines issued by RBI, UCBs are required to lay down, with the approval of their boards, transparent policies and guidelines for credit dispensation, in respect of each broad category of economic activity, keeping in view the credit exposure norms and various other guidelines issued by Reserve Bank from time to time.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-asks-ucb-boards-to-review-loan-policy-every-financial-year/articleshow/93144130.cms>

Unclaimed deposits: RBI launches awareness campaign

The Reserve Bank has launched a national campaign with a focus on the eight states that have the maximum amount of unclaimed deposits. Accordingly, the monetary authority has launched a campaign in the languages of these eight states along with Hindi and English. The unclaimed deposits in banks have sharply jumped to Rs 48,262 crore in FY22 from Rs 39,264 crore in the preceding fiscal, according to the annual report of the central bank. Most of these funds are lying with banks across Tamil Nadu, Punjab, Gujarat, Maharashtra, Bengal, Karnataka, Bihar and Telangana/Andhra Pradesh, according to an RBI official.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/unclaimed-deposits-rbi-launches-awareness-campaign/articleshow/93139949.cms>

Frauds reported by PSBs decline to Rs 3,204 crore in FY22

The amount involved in fraud cases reported by public sector banks (PSBs) has come down to Rs 3,204 crore in the last fiscal from Rs 28,884 crore in 2017-18, Parliament was informed on Tuesday. As per the RBI data, PSBs reported 5,624 cases of fraud in 2017-18, involving Rs 28,884 crore. In 2018-19, a total of 9,092 cases were reported amounting to Rs 26,720 crore, while in 2019-20, the number of frauds rose to 11,074, involving a monetary value of Rs 21,170 crore, Minister of State for Finance Bhagwad Karad said in a written reply to the Rajya Sabha.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/frauds-reported-by-psbs-decline-to-rs-3204-crore-in-fy22/articleshow/93142820.cms>

MPC likely to raise repo rate significantly in upcoming meetings: S&P

Global rating agency S&P on Tuesday said it expects "significant" increases in the policy rates by the Reserve Bank of India's (RBI) monetary policy committee (MPC) at its upcoming meetings. The assessment comes a week ahead of the MPC's three-day meeting. "Largely in response to high inflation, the Reserve Bank of New Zealand has been among the most hawkish developed market central banks, having started hiking its policy rate in October 2021. Starting from a higher level, the Reserve Bank of India started lifting rates later. But we expect significant additional increases in policy rates there," the rating agency said in its latest report.

https://www.business-standard.com/article/finance/mpc-likely-to-raise-repo-rate-significantly-in-upcoming-meetings-s-p-122072600326_1.html

States borrowing cost slips to 7.90%

After touching nearly 8 per cent last week, the states breathed a little easy on Tuesday as the cost of their borrowings eased marginally to 7.90 per cent. The weighted average cost of states' borrowings inched down by 6 basis points to 7.90 per cent at the latest auctions of state development loans (SDLs) as state debt is known, when nine states collectively raised Rs 18,700 crore from the markets on Tuesday. This is 22 per cent lower than the Rs 24,000 crore that was initially indicated for the week, according to an analysis by rating agency Icria.

<https://economictimes.indiatimes.com/news/economy/finance/states-borrowing-cost-slips-to-7-90/articleshow/93139590.cms>

Industry

CCPA issues notices to manufacturers on EV-related fire incidents

The Central Consumer Protection Authority (CCPA) has issued notices to several electric vehicle makers taking suo-motu cognisance of recent fire-related and battery explosion incidents in the country. It is also working on guidelines to check on misleading fake and paid reviews on websites to protect consumer interests. Speaking to mediapersons on Tuesday, Nidhi Khare, Chief Commissioner of CCPA, said that the authority has taken suo-motu cognisance of EV-related fire incidents. "We have sent notices to 4-5 companies seeking an explanation for these incidents, and questioned them as to why action should not be taken against them for unfair trade practices. Since other Ministries and government departments are also involved, we will also examine DRDO's report on electric vehicles," she said. Khare added that hearing on these notices is expected to commence soon

<https://www.thehindubusinessline.com/companies/ccpa-issues-notices-to-manufacturers-on-ev-related-fire-incidents/article65685100.ece>

India's steel output grows 6% to 10 MT in June, shows worldsteel data

India's crude steel production rose over 6 per cent year-on-year to 10 million tonnes in June 2022, according World Steel Association. As per the World Steel Association (worldsteel) data, India is the only country which has registered a positive growth in its steel output during June. The country had produced 9.4 million tonnes (MT) crude steel during the same month last year, the global industry body said in its latest report. India is world's second largest producer of crude steel after China which produced 90.7 MT in June 2022, down 3.3 per cent over its 93.9 MT production in June 2021.

https://www.business-standard.com/article/companies/india-s-steel-output-grows-6-to-10-mt-in-june-shows-worldsteel-data-122072600737_1.html

Govt data: Amid Covid disruption, thousands of micro enterprises grew into small businesses

93,048 micro enterprises in the country's 6.3 crore-strong MSME sector have grown in size to become small enterprises post pandemic between July 2020 and July 2022, showed government data. The biggest jump in terms of the number of companies scaling in size was recorded in the micro segment itself despite Covid disruption in comparison to 10,141 small enterprises moving to the medium business category and 1,602 micro enterprises growing to the small business category during the said period. The data shared by Minister of State for MSMEs Bhanu Pratap Singh Verma in a written reply to a question in the Rajya Sabha on Monday noted that since the launch of the Udyam portal on July 1 in the financial year (FY) 2020-21 till FY22, 28,729 micro enterprises turned small enterprises while 3,681 small units became medium businesses and 656 micro units grew into medium businesses.

<https://www.financialexpress.com/industry/sme/msme-eodb-govt-data-amid-covid-disruption-thousands-of-micro-enterprises-grew-into-small-businesses/2606600/>

Agriculture

Centre targets bringing more area under organic farming: Tomar

The Government is planning to bring 6.5 lakh hectares of land under organic farming in the country through Paramparagat Krishi Vikas Yojana (PKVY) and Mission Organic Value Chain Development for North Eastern Region (MOVCDNER), Union Minister for Agriculture and Farmers' Welfare Narendra Tomar told the Lok Sabha on Tuesday. In a written reply in Lok Sabha, Tomar said currently 59.12 lakh hectares have already been brought under organic farming as certified by National Programme for Organic Production (NPOP) and Participatory Guarantee System (PGS).

<https://www.thehindubusinessline.com/economy/agri-business/centre-targets-bringing-more-area-under-organic-farming-tomar/article65685642.ece>

India sees uneven distribution of rainfall, may affect foodgrain production

While the monsoon in India is tracking at 11% above normal, the distribution is uneven across the country and could pose a threat to this year's foodgrain production and may worsen the inflation outlook, analysts said on Tuesday. July is a key month for Kharif. The sowing of kharif crops begins with the onset of the southwest monsoon in June. The India Meteorological Department (IMD) has projected a normal southwest monsoon this year. Data shows that

rains have been geographically uneven, with concentration seen in central and southern India, trailing in the northwest and a steep 15% below-normal in the east and the northeast.

<https://economictimes.indiatimes.com/news/economy/agriculture/india-sees-uneven-distribution-of-rainfall-may-affect-foodgrain-production/articleshow/93126250.cms>

Zero procurement of Rabi crops in Delhi since 2016-17 by FCI at MSP: Study

There has been zero procurement of Rabi crops in Delhi since 2016-17 by the Food Corporation of India (FCI) at the minimum support price, said a research study conducted by the planning department under the Delhi government. Procurement has been "abysmally low" in general and gone down to nil since 2016-17, said the study, recently released in the public domain. The procurement of Rabi crops (mainly wheat) was 4,763 metric tonne (MT) in 2011-12 and 13,524 MT in 2012-13 at Narela Mandi. It was 3,268 MT in 2011-12 and 17,071 MT in 2012-13 at Najafgarh Mandi, the study said, citing data sourced from FCI Regional Office here.

<https://economictimes.indiatimes.com/news/economy/agriculture/zero-procurement-of-rabi-crops-in-delhi-since-2016-17-by-fci-at-msp-study/articleshow/93144787.cms>

Infrastructure

Shipping ministry supporting 45 ferry service projects worth Rs 1,900 crore: Sarbananda Sonowal

The Ministry of Ports, Shipping and Waterways (MoPSW) is supporting 45 ferry service projects worth Rs 1,900 crore, Parliament was informed on Tuesday. Under the ambit of Sagarmala, the ministry has operationalised Ro-Pax Ferry (roll-on/roll-off passenger) service between Ghogha-Hazira in Gujarat and Mumbai-Mandwa in Maharashtra, Union Minister of Ports, Shipping and Waterways Sarbananda Sonowal said in a written reply to the Rajya Sabha. These services have transported more than 7 lakh passengers and 1.5 lakh vehicles, contributing towards clean environment and public welfare, Sonowal added. Keeping in view the potential, the minister said additional projects are planned at Pipavav and Muldwarka in Gujarat and Ghodbunder, Veldur, Vasai, Kashid, Rewas, Manori and JN Port etc. in Maharashtra.

<https://economictimes.indiatimes.com/industry/transportation/shipping/-/transport/shipping-ministry-supporting-45-ferry-service-projects-worth-rs-1900-crore-sarbananda-sonowal/articleshow/93139032.cms>

Telecom

5G spectrum auction: Bids worth ₹1.45 lakh crore on Day 1

The government has received record bids of ₹1.45 lakh crore after four rounds on Day 1 of India's first-ever 5G spectrum auction. The crucial, albeit pricey, 700 MHz band saw bidding for the first time, along with strong interest in the mid-band (3.3-3.67 GHz) and high-band (26 GHz) airwaves. All bids were at base price. All three private telcos - Reliance Jio, Bharti Airtel and Vodafone Idea - are said to have bid for mid- and high-band airwaves as they set the stage to launch services which can offer 10 times higher mobile internet speeds than 4G, industry executives and government officials said. New entrant Adani Data Networks, a unit of the diversified Adani Group, is expected to have put in bids only for the high band, also known as the millimetre wave (mmWave), for use in its captive networks.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/5g-spectrum-auction-bids-worth-1-45-lakh-crore-on-day-1/articleshow/93147822.cms>

Telcos to get key E-band waves

The Department of Telecommunications (DoT) will provisionally allot critical E-band (71-76/81-86 GHz) airwaves via the administrative route only to mobile phone operators for their backhaul needs in circles where they will hold 5G spectrum. The telcos - that will need to pay a spectrum usage charge on these airwaves - will bid at an auction or any other method of allocation that the DoT decides later. Carriers will also need to pay the difference when the final price for such airwaves is decided by the government, though without interest. "For each E band carrier of 250 MHz paired bandwidth, spectrum charges will be charged at 0.15% of AGR (adjusted gross revenue) of TSPs in the interim period, which will be adjusted/recalculated retrospectively (from date of provisional assignment) based on the pricing decided finally," DoT said in a notification.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/telcos-to-get-key-e-band-waves/articleshow/93146040.cms>

Telcos' AGR rises 6.7% in Q4FY22

The telecom sector recorded a 6.77% sequential growth rate in adjusted gross revenue (AGR) in the last quarter of FY22 on the back of a boost in revenue, thanks to tariff hikes implemented in November 2021. AGR for the January-March quarter was ₹58,886 crore as compared to ₹55,151 crore in Q3FY22, according to the latest data put out by the Telecom Regulatory Authority of India (Trai) on Tuesday. The data showed that all the three private telcos-Reliance Jio, Bharti Airtel, and Vodafone Idea-saw sequential AGR gains in the March quarter, with the latter two showing double digit on-quarter growth.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/telcos-agr-rises-6-7-in-q4fy22/articleshow/93146016.cms>

States

Andhra Pradesh government plans additional support to save sick MSMEs

In an effort to further support sick MSME units in the state, the Andhra Pradesh government is undertaking a survey of around 2.50 lakh MSMEs to come across units in need of various kinds of support including financial, raw material, marketing, etc., The New Indian Express (TNIE) reported. MSME Development Corporation Chairman, Vanka Ravindranath told TNIE that they have set out a district-wise survey under the initiative.

"As the COVID pandemic had an adverse impact on several sectors, including MSMEs, Chief Minister YS Jagan Mohan Reddy has directed us to take a study of the MSMEs so as to extend the required support. Accordingly, we are taking up the survey to identify the condition of MSMEs," Ravindranath said. He added that the government is holding the survey to provide the necessary support to MSMEs and to ensure that they don't shut down. The state had offered incentives to small businesses earlier and is now looking to dole out more incentives in August, he said.

<https://www.financialexpress.com/industry/sme/msme-eodb-andhra-pradesh-government-plans-additional-support-to-save-sick-msmes/2607061/>

Healthcare

Centre to push for booster doses amid rise in cases

With at least six states - Kerala, Karnataka, West Bengal, Maharashtra, Odisha and Tamil Nadu - reporting more than 1,000 Covid-19 cases every day, the Centre has decided to aggressively push its vaccination programme, particularly to cover all eligible people with the precaution dose. The government has announced free Covid-19 precaution doses for adults at government vaccination centres under a 75-day special drive that began on July 15, as part of the Azadi Ka Amrut celebrations on 75 years of independence. Health ministry sources said while the campaign had seen a spike in vaccination numbers, it needed a push for which the ministry had amplified its outreach and "targeted communication and management". According to ministry data, while 29% of people above 60 years of age had been given the booster dose, only 11% of the eligible 680 million people in the 18-year-plus group had received the precaution, or third, dose so far. "Till July 15, we had 12.03 lakh (1.203 million) vaccination doses a day which increased to 27 lakh doses a day, while the number of booster doses has gone up to 20 lakh doses a day, as compared to 4.7 lakh daily," the official said.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/centre-to-push-for-booster-doses-amid-rise-in-cases/articleshow/93146298.cms>

Indian pharma firms likely to see muted revenue growth from US generics market in FY23: Icra

Indian pharmaceutical firms are likely to witness muted revenue growth from the US generics market in FY23 due to price erosion pressure, according to ratings agency Icra. The US has always been a key market for Indian pharmaceutical companies but over the past few years, the revenues from there have grown at a relatively modest pace due to consistent pricing pressure, lack of major generic product launches and increased regulatory scrutiny, Icra said in a statement. In FY22, the ratings agency said, the revenues from the US pharmaceutical market for its sample of eight leading Indian pharmaceutical companies declined marginally by 0.2 per cent owing to high single-digit to low-teens price erosion.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals/indian-pharma-firms-likely-to-see-muted-revenue-growth-from-us-generics-market-in-fy23-icra/articleshow/93140167.cms>

External

India's June crude oil imports up 21% on demand recovery, Russian discounts

India's crude oil imports in June rose nearly 21% from the same month last year, helped by a steady increase in consumption, while refiners continued to bring in discounted Russian fuel to manage elevated global energy prices, government data showed on Tuesday. "It's impossible to ignore the base effects of last year's (coronavirus-related) restrictions and the impact that has on demand," said OANDA analyst Craig Erlam, adding that the world economy had roared back to life since. But he cautioned that though impressive, the annual data should be taken with a pinch of salt. Fuel consumption in the world's third-biggest oil consumer also increased in June, and seemed to be heading back towards pre-pandemic levels. Oil product imports rose 13.1% to 3.37 million tonnes from a year earlier, while exports edged down about 0.2% to 5.5 million tonnes, data from the Petroleum Planning and Analysis Cell showed.

https://www.business-standard.com/article/economy-policy/india-s-june-crude-oil-imports-up-21-on-demand-recovery-russian-discounts-122072600757_1.html

Russia-Ukraine crisis impact: India's crude sunflower oil imports fall 23 per cent during February-June

In the wake of Russia-Ukraine crisis, India's crude sunflower oil imports fell by 23 per cent to 5.70 lakh tonne between February 21 and June 30 of this year, Parliament was informed on Tuesday. Agriculture Minister Narendra Singh Tomar, in his written reply to the Lok Sabha, said the major countries from which India imports sunflower oil are Ukraine, Russia and Argentina. "Since February 21, 2022, to June 30, 2022, 5.70 lakh tonne of crude sunflower oil has been imported in the country as against import of 7.39 lakh tonne during the corresponding period in the previous year," Tomar said. The minister was responding to a query if there was any impact on sunflower oil import due to recent instability in Ukraine and Russia.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/russia-ukraine-crisis-impact-indias-crude-sunflower-oil-imports-fall-23-per-cent-during-february-june/articleshow/93139264.cms>