



August 11, 2022 – Thursday

## Key Developments

### RBI categorises digital lenders into three groups, releases guidelines

After a long wait, the Reserve Bank of India (RBI) on Wednesday released the digital lending guidelines based on the principle that lending business can be carried out only by entities that are either regulated by the central bank or entities permitted to do so under any other law. The central bank has classified the universe of digital lenders into three groups – entities regulated by the RBI and permitted to carry out lending business; entities authorised to carry out lending as per other statutory/regulatory provisions but not regulated by RBI; and entities lending outside the purview of any statutory/ regulatory provisions. The regulatory framework brought in by the RBI is directed at the first category, essentially entities that are regulated by the central bank and the lending service providers (LSPs) engaged by them. “As regards entities falling in the second category, the respective regulator/ controlling authority may consider formulating or enacting appropriate rules/regulations on digital lending based on the recommendations of the working group of digital lenders,” the RBI said.

[https://www.business-standard.com/article/finance/rbi-categorises-digital-lenders-into-three-groups-releases-guidelines-122081000799\\_1.html](https://www.business-standard.com/article/finance/rbi-categorises-digital-lenders-into-three-groups-releases-guidelines-122081000799_1.html)

## Economy

### Law to 'decriminalise' provisions across ministries for ease of business

The Centre is close to finalising a new law to back 'Ease of Doing Business and Ease of Living' through an Act of Parliament. The new law is aimed at 'decriminalising' imprisonment provisions for minor economic offences/ trivial procedural violations/non-compliance in more than 30 business-related laws administered by various union ministries from commerce to environment, telecom, road transport & highways, among others, officials involved in the discussions confirmed to ET. Decriminalising of provisions under the Indian Telegraph Act, Indian Wireless Telegraphy Act, Air (Prevention and Control of Pollution) Act, 1981, The Water (Prevention and Control of Pollution) Act, Legal Metrology Act, the Trade Marks Act among others are proposed to be subsumed through amendments under the proposed new legislation.

<https://economictimes.indiatimes.com/news/economy/policy/law-to-decriminalise-provisions-across-ministries-for-ease-of-business/articleshow/93486893.cms>

### Centre releases two instalments of Rs 1.16-trn tax devolution to states

The Centre on Wednesday released two instalments of tax devolution totalling Rs 1.16 lakh crore to states. This is in line with the commitment of the government to strengthen the hands of states to accelerate their capital and developmental expenditure, a finance ministry statement said. "The Union Government has released two instalments of tax devolution to State Governments amounting to Rs 1,16,665.75 crore on 10th August, 2022, as against normal monthly devolution of Rs 58,332.86 crore," it said. Currently, 41 per cent of taxes collected by the Centre is devolved in 14 instalments among states during a fiscal year.

[https://www.business-standard.com/article/economy-policy/centre-releases-two-instalments-of-rs-1-16-trn-tax-devolution-to-states-122081001083\\_1.html](https://www.business-standard.com/article/economy-policy/centre-releases-two-instalments-of-rs-1-16-trn-tax-devolution-to-states-122081001083_1.html)

### **CBDT issues SOP for faceless assessment to cut tax litigation, clear doubts**

The Central Board of Direct Taxes has issued a detailed standard operating procedure (SOP) for officials for dealing with the faceless scheme, in a move aimed at reducing litigation and confusion about the scheme. The board has mandated the officials to grant personal hearing to the assesseees within 2-3 days of receiving such a request. The SOP was issued following a spike in litigation and adverse comments by various courts against the department over its handling of the scheme. "This will put an end to many unnecessary litigation. The SOP has been prepared carefully after taking all the feedback from both assesseees and officials," an official told ET.

<https://economictimes.indiatimes.com/news/economy/policy/cbd-t-issues-sop-for-faceless-assessment-to-cut-tax-litigation-clear-doubts/articleshow/93486596.cms>

## **Banking and Finance**

### **Bank credit rises 14.52 per cent: RBI data**

Bank credit rose 14.52 per cent to Rs 123.69 lakh crore and deposits increased 9.14 per cent to Rs 169.72 lakh crore in the fortnight ended July 29, according to RBI data. In the fortnight ended July 30, 2021, bank advances stood at Rs 108 lakh crore and deposits at Rs 155.49 lakh crore, as per the Reserve Bank of India's Scheduled Banks' Statement of Position in India as on July 29. The data was released on Wednesday.

<https://economictimes.indiatimes.com/news/economy/finance/bank-credit-rises-14-52-per-cent-rbi-data/articleshow/93485312.cms>

### **FY23's interest coverage ratio likely to deteriorate: Bank of Baroda study**

The interest payments of the companies is going to increase going forward because interest rates are expected to go up in the rising rate cycle where the Reserve Bank of India (RBI) has already front loaded 140 basis points hike in policy rate. Interest payments will also rise due to global financial conditions and inflationary pressure. Earlier, falling interest rate regime has helped in improving the debt servicing ability of companies. Thus interest coverage ratio have improved in FY22. But improvement is skewed in favour of large enterprises, with MSME sector still under pressure. Small industries continued to remain vulnerable in terms of interest coverage ratio. In both the years FY21 and FY22, loss has yielded negative ratio. Even for micro enterprises, similar trend is observed. This is despite the measures taken by the government and RBI to improve credit health of the MSME sector which includes the ECLGS scheme. "Evidently, for small and micro enterprises the ratio is a concern remaining below 1 since FY18 onwards. So prior to Covid as well, these sectors had a deteriorating debt servicing ability," the study said.

[https://www.business-standard.com/article/finance/fy23-s-interest-coverage-ratio-likely-to-deteriorate-bank-of-baroda-study-122081000507\\_1.html](https://www.business-standard.com/article/finance/fy23-s-interest-coverage-ratio-likely-to-deteriorate-bank-of-baroda-study-122081000507_1.html)

### **SEBI's grievance redressal platform disposes of 2,245 complaints in July**

A total of 2,245 complaints against listed entities and market intermediaries received through grievance redressal platform SCORES were disposed of in July, according to data released by SEBI on Wednesday. These resolved complaints also included grievances pending from previous months. At the beginning of July, a total of 2,116 complaints were pending while 3,210 fresh complaints were received, according to the data. These complaints were related to refunds, allotment, redemption and interest, among others. SCORES platform was launched in June 2011 in order to help investors lodge their complaints online with SEBI against companies, intermediaries and market infrastructure institutions.

<https://www.thehindubusinessline.com/markets/stock-markets/sebis-grievance-redressal-platform-disposes-of-2245-complaints-in-july/article65754534.ece>

### **Good signs on crop insurance front as gross premium declines by 11%**

As the Centre has been trying to win back States that quit the flagship Pradhan Mantri Fasal Bima Yojana (PMFBY), a drop in gross premium in the current kharif season can be a good sign for the crop insurance scheme. According to preliminary data from 18 States, the gross premium collected under PMFBY this kharif season is ₹14,943 crore as of August 10, compared with ₹16,853 crore during the whole of last season. There could be some increase in gross premium as more data are compiled, experts said. The amount of sum insured is a notch higher at ₹94,642 crore so far this season — up from ₹94,604 crore last season.

<https://www.thehindubusinessline.com/economy/agri-business/good-signs-on-crop-insurance-front-as-gross-premium-declines-by-11/article65754391.ece>

#### **PE/VC investments plummet by 69% in July to \$3 billion, says report**

Investments by private equity and venture capital funds into Indian entities fell by 69 per cent to USD 3 billion during July, a report said on Wednesday. The investments in July are the lowest for any month in a year, and lower than the USD 4.9 billion recorded across 118 deals in the preceding month of June, the report by industry lobby IVCA and consultancy firm EY said. Going by the number of deals, July 2022 recorded 74 deals, as against 134 deals in the year-ago period, the report said. EY's partner Vivek Soni hinted that the slowdown in dealmaking activity can be the result of global headwinds like recession and high interest rates in the developed world, especially the US. "After remaining resilient for almost six months amid global headwinds of tightening liquidity and rising inflation, Indian PE/VC investment flows for the first time have shown some tepidness. Deals are taking longer to close as investors ask tough questions and take their time to process their deal underwriting thesis," he said.

[https://www.business-standard.com/article/economy-policy/pe-vc-investments-plummet-by-69-in-july-to-3-billion-says-report-122081000882\\_1.html](https://www.business-standard.com/article/economy-policy/pe-vc-investments-plummet-by-69-in-july-to-3-billion-says-report-122081000882_1.html)

#### **New credit rating rules could see 100 Indian firms downgraded: Moody's ICRA**

The Indian unit of credit rating agency Moody's, ICRA, said on Wednesday that nearly 100 companies with debt totalling Rs 35,000 crore (\$4.40 billion) are likely to be downgraded after the central bank tightened rating methodologies. The companies likely to be affected are mostly in the power, healthcare, engineering, construction and roads sectors. "Our assessment suggests that if the credit profile of these entities does not undergo any change ... there could be an average impact of around two notches to the existing ratings," said Jitin Makkar, senior VP, ICRA. As a result, Indian banks could have to set aside an additional Rs 400 crore given the higher capital requirement for lower-rated companies, ICRA said.

[https://www.business-standard.com/article/companies/new-credit-rating-rules-could-see-100-indian-firms-downgraded-moody-s-icra-122081001028\\_1.html](https://www.business-standard.com/article/companies/new-credit-rating-rules-could-see-100-indian-firms-downgraded-moody-s-icra-122081001028_1.html)

### **Industry**

#### **Despite inflation, apparel retailers to stitch 21-23% revenue growth this fiscal**

Elevated inflation will cap operating margin of apparel retailers to below pre-pandemic level, even though they are on course to stitch a 21-23 per cent revenue growth this fiscal, says a report. Strong same-store sales, new store launches and higher contribution from online channels will sew a 21-23 per cent revenue growth for apparel retailers this fiscal, or 500 percentage points over the pre-pandemic (fiscal 2020) levels, despite elevated inflation impacting discretionary demand, a Crisil report said on Wednesday. The agency expects large apparel retailers to grow faster at 25-30 per cent this fiscal, compared with 10-15 per cent by small and mid-sized players. Large players will also lead the improvements in operating margins with 250-300 bps expansion.

<https://www.thehindubusinessline.com/economy/despite-inflation-apparel-retailers-to-stitch-21-23-revenue-growth-this-fiscal/article65753832.ece>

#### **Corporate Affairs Ministry struck-off 4.33 lakh companies in last five years**

The Corporate Affairs Ministry (MCA) has in the last five years removed as many as 4.33 lakh companies from the Register of Companies. As many as 49, 921 companies got removed in 2021-22, official sources said. The year 2017-18 (post demonetisation) saw the maximum number of companies being struck off at 2.26 lakh, they added. In 2018-19, about 1.13 lakh companies were struck off from the Register of Companies. Company law experts attribute several reasons for the high numbers of such companies, including the government's keenness to clean up the system and weed out non-compliant, dormant entities that act as shell companies. Also this trend could also be seen as the Centre's eagerness to put in place a easier system for voluntary exits by companies.

<https://www.thehindubusinessline.com/economy/corporate-affairs-ministry-struck-off-433-lakh-companies-in-last-five-years/article65755163.ece>

#### **'Abnormal' trend in domestic cotton futures worries textile industry**

The behaviour of cotton futures on the Multi Commodity Exchange of India (MCX) has surprised textile industry players with a section of them expressing concern over the developments. The trade, in particular, is concerned over the huge difference between August, October, November and December futures, especially the huge premium for the near-term contract. "I have never seen such a huge rate difference in my life. The ₹30,000 difference between August and November month is hard to believe. Also, the open interest in MCX is only 30,000 bales for the August contract with stocks in the exchange's godown only 3,000 bales," said Atul Ganatra, President, Cotton Association of India (CAI) - a body of cotton traders.

<https://www.thehindubusinessline.com/economy/agri-business/abnormal-domestic-cotton-futures-behaviour-worries-textile-industry/article65753574.ece>

### **IT firms laid low by high attrition rate**

The Indian IT services industry has been badly affected by high rate of attrition, which started to climb steadily since the quarter ended June 2021 (Q1 FY22) with a total of 4.89 lakh employees leaving the top eight companies, including Tata Consultancy Services, Cognizant, Infosys and Wipro, in the last five quarters. Interestingly, they overall achieved a gross hiring addition of 8.5 lakh in the last five quarters — thus, not only compensating for the loss but also hiring additionally, according to Xpheno, a specialised staffing company. Kamal Karanth, co-founder, Xpheno, said the nearly half a million attrition-related talent movements are a loss of expertise, experience and upskilling investments that enterprises did on this talent. Add to this the cost of recruitment, package hikes and retraining costs, enterprises are left with a lot to explain and justify on their P&Ls.

<https://www.thehindubusinessline.com/info-tech/the-rising-graph-of-attrition-in-it-companies/article65749196.ece>

## **Infrastructure**

### **Union Cabinet approves extension of PMAY-Urban till Dec 2024**

The Union Cabinet on Wednesday approved continuation of Pradhan Mantri Awas Yojana (Urban) till December, 2024, a statement stated. Launched in June, 2015, the original deadline for the scheme - 'Housing for All' Mission - aimed at providing pucca houses to all eligible urban beneficiaries was March 2022. According to the government, financial assistance will be provided for the completion of already sanctioned 122.69 lakh houses till March 31, 2022. According to the government, financial assistance will be provided for the completion of already sanctioned 122.69 lakh houses till March 31, 2022.

<https://economictimes.indiatimes.com/news/economy/policy/union-cabinet-approves-extension-of-pmay-urban-till-dec-2024/articleshow/93486996.cms>

### **Govt to remove fare caps imposed on airlines from Aug 31**

India will remove the fare caps it imposed on domestic airlines in 2020 during the pandemic on Aug. 31, the country's civil aviation ministry said on Wednesday, lifting restrictions on ticket prices. The government, in a rare move, had regulated fares by imposing a minimum and maximum band based on the flight's duration to prevent ticket prices from spiking due to pent-up demand arising from an easing of restrictions on air travel. "The decision to remove air fare caps has been taken after careful analysis of daily demand and prices of air turbine fuel. Stabilisation has set in and we are certain that the sector is poised for growth in domestic traffic in the near future," said Aviation Minister Jyotiraditya Scindia.

[https://www.business-standard.com/article/companies/govt-to-remove-fare-caps-imposed-on-airlines-from-aug-31-122081000791\\_1.html](https://www.business-standard.com/article/companies/govt-to-remove-fare-caps-imposed-on-airlines-from-aug-31-122081000791_1.html)

## **Energy**

### **More emissions reduction targets will help Indian fossil fuel giants: IEEFA**

Global green capital presents a multi-billion-dollar opportunity for Indian power sector giants such as NTPC and Tata Power to fund their clean energy transitions. A new report by the Institute for Energy Economics and Financial Analysis (IEEFA) on Wednesday said robust decarbonisation plans that align with climate science-based net zero targets will be critical to mobilising this rising tide of sustainable finance. IEEFA's report compares the clean energy deployment and greenhouse gas emissions reduction pathways of NTPC and Tata Power with those of Italian energy

company Enel, which, as a pioneer of sustainability-linked financial structures, has raised billions of dollars to fund its decarbonisation. "As India's leading power companies, NTPC and Tata Power are role models for charting successful pathways to transforming their business models and attracting foreign private capital," says the report's co-author Saurabh Trivedi, Research Analyst at IEEFA.

[https://www.business-standard.com/article/economy-policy/more-emissions-reduction-targets-will-help-indian-fossil-fuel-giants-ieefa-122081000203\\_1.html](https://www.business-standard.com/article/economy-policy/more-emissions-reduction-targets-will-help-indian-fossil-fuel-giants-ieefa-122081000203_1.html)

#### **India's annual green finance is just one-fourth of its needs, finds study**

An analysis and advisory organisation has released an update on India's "first-ever effort" to track green investment flows, which are falling far short of the country's current need for its ambitious climate targets. Climate Policy Initiative in its report titled 'Landscape of Green Finance in India', has claimed that "the tracked green finance in 2019-2020 was Rs 309,000 crore (nearly USD 44 billion) per annum, which is less than a fourth of India's needs". The report estimates that for India to achieve its Nationally Determined Contributions (NDCs) under the Paris agreement, the country requires approximately Rs 162.5 lakh crore (USD 2.5 trillion) from 2015 to 2030 or roughly Rs 11 lakh crore (USD 170 billion) per year, the US-based organisation said in a statement. The evaluation of finance flows has been estimated for key real economy sectors like clean energy, clean transport and energy efficiency, the organisation said.

<https://economictimes.indiatimes.com/industry/renewables/indias-annual-green-finance-is-just-one-fourth-of-its-needs-finds-study/articleshow/93486753.cms>

#### **India to start supplying petrol with 20% ethanol from April 2023: Puri**

India will start supplying petrol with 20 per cent ethanol at select petrol pumps from April next year and will ramp up supplies thereafter as it looks to cut oil import dependence and address environmental issues. Oil Minister Hardeep Puri said a fifth of petrol will be made up of ethanol by 2025. "E20 petrol (petrol blended with 20 per cent ethanol) in some quantity will be available from April 2023 and the rest to be covered by 2025," he said. India, which achieved the target of supplying petrol mixed with 10 per cent ethanol (10 per cent ethanol, 90 per cent petrol) ahead of schedule in June this year, has advanced the target of making petrol with 20 per cent ethanol by five years to 2025.

[https://www.business-standard.com/article/economy-policy/india-to-start-supplying-petrol-with-20-ethanol-from-april-2023-puri-122081001124\\_1.html](https://www.business-standard.com/article/economy-policy/india-to-start-supplying-petrol-with-20-ethanol-from-april-2023-puri-122081001124_1.html)

#### **Govt diverts gas from industries to city gas to moderate CNG, piped cooking gas rates**

City gas companies will now get only domestic gas, and not imported liquefied natural gas (LNG) that they had been receiving as part of the government's gas pooling policy for the past three months, according to people familiar with the matter. In May, the government had directed state-run GAIL to import liquefied natural gas (LNG) to meet the supply shortfall city gas distributors were facing due to limited availability of local gas amid sharply rising demand. GAIL was to charge a uniform blended price for gas from all city gas distributors. The price of local gas today is \$6.1 per mmBtu but the blended rate city gas companies currently pay GAIL is \$10.5 per mmBtu.

<https://economictimes.indiatimes.com/industry/energy/oil-gas/govt-diverts-gas-from-industries-to-city-gas-to-moderate-cng-piped-cooking-gas-rates/articleshow/93485319.cms>

### **Telecom**

#### **EMF norms: Telcos seek global standards**

Telecom operators have urged the government to bring the current electromagnetic field (EMF) norms in line with global standards, failing which they would need to put up more towers, which will not only increase their capital and operating expenditures but also result in higher carbon footprint. EMF norms in India are 10 times stricter than elsewhere in the world and may prove to be a hindrance in providing 5G services, especially to far-flung remote areas, industry executives said. "While prevailing stringent EMF norms might have been implementable for 2G and 3G, it will not be feasible with 5G and beyond, as these technologies will be primarily deployed in higher spectrum frequencies of C-Band and mmWave band," the Cellular Operators Association of India said in a letter to telecom secretary K Rajaraman.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/emf-norms-telcos-seek-global-standards/articleshow/93486508.cms>

### **Telcos, handset players spar over e-Sim in smartphones over Rs 10,000**

The demand of telecom operators to make electronic SIM (E-SIM) mandatory in all devices costing Rs 10,000 and above has been rejected by smartphone manufacturers, who say that such a move will increase the cost of mid-range handsets (Rs 10,000-20,000), which contribute around 50% of the volumes. Further, the handset makers have stressed that the telcos' demand was based on semiconductor shortage, which can be termed as an "exaggeration", as the situation in the semiconductor space has been improving and normalcy can be expected in six to nine months. The telecom operators had reached out to the Department of Telecommunications (DoT) last month to direct handset makers to introduce E-SIMs, in addition to the physical SIM slots, in all devices costing Rs 10,000 and above. Telcos had cited an increase in price of SIM cards by 4-5 times due to the semiconductor shortage and hoarding by some players.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/telcos-handset-players-spar-over-e-sim-in-smartphones-over-rs-10000/articleshow/93481362.cms>

## **Healthcare**

### **Corbevax gets Centre's nod as heterologous booster**

India has given the greenlight to Biological E's Corbevax as a precautionary dose that can be taken by anyone over 18 years after two doses of Covishield or Covaxin. This approval comes two months after the Drugs Controller General of India had given its go-ahead to Corbevax as a heterologous Covid booster dose – a first of sorts in the country (heterologous boosting involves giving a vaccine dose different from the two primary doses). The precautionary dose can be given after six months, or 26 weeks from the administration of the second dose of Covaxin or Covishield, said Union Health Secretary Rajesh Bhushan, making heterologous boosting official in a letter to the States on Wednesday. The latest decision will not change the existing guidance on homologous boosting, he added, where the primary and precautionary doses are of the same vaccine type.

<https://www.thehindubusinessline.com/news/national/corbevax-gets-centres-nod-as-heterologous-booster/article65754770.ece>

## **External**

### **EU to end duty benefits for 1,800 goods under Generalised Tariff Preference Scheme**

India's exports of plastics, stone, machinery and mechanical appliances worth \$7.9 billion to the EU will no longer be eligible for low or zero-duty concessions from January, 2023 as the bloc would withdraw these benefits under the Generalised Tariff Preference Scheme (GSP). Exports of almost 1,800 products of plastics, fur, stone, plaster, cement, asbestos, and machinery and mechanical appliances will cease to get the benefits and make Indian goods more expensive with exporters paying 6.5% duty for certain plastic products where the tariff is nil at present. Their exports to the EU in 2021 were \$7.9 billion. "In these four sectors, the EU is a major export destination for India and holds around 22.58% share of India's total exports," said Ajay Sahai, director general, Federation of Indian Export Organisations.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/eu-to-end-duty-benefits-for-1800-goods-under-generalised-tariff-preference-scheme/articleshow/93486418.cms>

### **India plans investments across sectors to strengthen link with Sri Lankan economy**

New Delhi plans to invest in Sri Lanka across sectors through both private and public firms and interconnect the Lankan economy with the Indian economy to boost the sagging fortunes of the island nation. The sectors that India is focusing to invest include renewable energy, hydrocarbons, ports and infrastructure, IT and hospitality, highly placed sources told ET. Sources claimed that notwithstanding the crisis, Indian investors in the island nation are not willing to wrap up their investments and businesses given Sri Lanka's strategic location and potential. Sri Lanka is an economy having three main sources of revenue - exports, tourism and remittances. Due to Covid, some of these sources dried up completely. The Sri Lankan economy will benefit from more investments and the Indian government is trying to facilitate this.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-plans-investments-across-sectors-to-strengthen-link-with-sri-lanka-economy/articleshow/93486758.cms>

### **Apparel and Diamond traders face slowdown in demand from US, China**

Apparel and diamond exporters are facing a slowdown in demand from the US and China respectively. The lockdown in China has impacted exports of loose diamonds from India. On the other hand, demand for apparel from the US has fallen 20% due to rising inflationary pressure, said apparel exporters. China and the Far East account for about 30% of India's diamond exports, constituting the second largest market after the US. For loose diamonds too, China is the biggest market after the US. "The Covid lockdown in China and their zero-tolerance policy to curb Covid are impacting the Indian diamond business. However, it is expected that the country will open up within the next two months and business will become normal," Colin Shah, chairman, Gem & Jewellery Export Promotion Council, told ET.

<https://economictimes.indiatimes.com/industry/cons-products/fashion/-/cosmetics/-/jewellery/apparel-and-diamond-traders-face-slowdown-in-demand-from-us-china/articleshow/93486839.cms>