



August 23, 2022 – Tuesday

Key Developments

India notifies overseas investment rules and regulations to boost ease of doing business

India's finance ministry today notified rules and regulations for overseas investment by Indian entities in a bid to enhance the ease of doing business, according to a finance ministry statement. Overseas investments by a person resident in India is governed by the Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2004 and the Foreign Exchange Management (Acquisition and Transfer of Immovable Property Outside India) Regulations, 2015. Now, extant regulations pertaining to Overseas Investments and Acquisition and Transfer of Immovable Property Outside India have been subsumed within these rules and regulations. "In view of the evolving needs of businesses in India, in an increasingly integrated global market, there is need of Indian corporates to be part of global value chain. The revised regulatory framework for overseas investment provides for simplification of the existing framework for overseas investment and has been aligned with the current business and economic dynamics," the finance ministry said.

<https://economictimes.indiatimes.com/news/economy/policy/india-notifies-overseas-investment-rules-and-regulations-to-boost-ease-of-doing-business/articleshow/93715582.cms>

Economy

Labour Ministry meets stakeholders to build consensus on roll out of Codes

For a possible roll-out of the long pending Labour Codes later this year, the Union Labour Ministry is holding meetings with stakeholders, including industry representatives, to work on a possible roadmap. According to sources, the Labour Ministry has been engaged in consultations with various stakeholders throughout the month of August. The industry is understood to have agreed to the proposal to cap allowances at 50 per cent of the total salary. However, they have called for at least a two-month switchover period from the time the codes are notified to enable them to transition successfully. They are also understood to have sought an amnesty scheme under the various labour legislations.

<https://www.thehindubusinessline.com/economy/labour-ministry-meets-stakeholders-to-build-consensus-on-labour-codes/article65798672.ece>

Retail inflation likely to ease below 6% by March quarter, say analysts

India's headline retail inflation may ease below 6% by the fourth quarter of this financial year, bringing an end to the current cycle of rate hikes, analysts said over the weekend. Following the release of minutes from the central bank's monetary policy committee on Friday, analysts said the Reserve Bank of India (RBI) may hike repo rates by 50-60 basis points by December. "We expect the RBI to deliver two 25 bps rate hikes at the September and December meetings, taking the repo rate to 5.90%," Rahul Bajoria, chief India economist at Barclays said. "The possibility of a 50 bps hike in September can't be ruled out, if the (U.S.) Fed delivers another 75 bps hike," Gaura Sen Gupta, India economist at IDFC First Bank said in a note. "In our view, the RBI is effectively being cautious in its policy approach, especially ahead of the winter cycle, when energy prices could be volatile," Bajoria of Barclays said.

https://www.business-standard.com/article/economy-policy/retail-inflation-likely-to-ease-below-6-by-march-quarter-say-analysts-122082200117_1.html

Banking and Finance

RuPay credit card-UPI linkage will enable UPI adoption among merchants with multiple use cases, boost P2M transactions: RBI

The Reserve Bank of India's proposal to link UPI with RuPay credit cards will enable the adoption of UPI across businesses with multiple use cases for merchants like overdraft facilities, capture and hold facility, and invoicing support, the central bank said in its August bulletin. The linkage should give a fillip to UPI person-to-merchant (P2M) transactions which stood at Rs 769 per transaction in July 2022. The move would also contribute to the rising share of P2M transactions in total UPI transactions, the RBI said. "Currently, over 26 crore unique users and 5 crore merchants are on the UPI platform," RBI Governor Shaktikanta Das had said announcing the regulatory move in June. According to the data from the National Payments Corporation of India (NPCI), 628.8 crore transactions amounting to nearly Rs 10.63 lakh crore were processed through UPI in July 2022, of which 299.9 crore were P2M transactions amounting to Rs 2.30 lakh crore. For the year-ago period (July 2021), 324.7 crore UPI transactions involving Rs 6.06 lakh crore were processed, of which 125.7 crore transactions were P2M amounting to Rs 99,597 crore.

<https://www.financialexpress.com/industry/sme/msme-tech-rupay-credit-card-upi-linkage-will-enable-upi-adoption-among-merchants-with-multiple-use-cases-boost-p2m-transactions-rbi/2639465/>

Banks' AT-1 bond issuances may decline to Rs 20,000 cr in FY23: Report

The issuance of Additional Tier-1 (AT-1) bonds by banks is likely to more than halve to Rs 20,000 crore this fiscal compared to the all-time high amount of Rs 42,800 crore raised in FY22, says a report. AT-1 bonds are those debt instruments without a terminal maturity date. In FY22, a majority of the funds raised through the instrument were to refinance bond issues done in FY17, Icra Ratings said in the report on Monday. Majority of the bonds have a call option in the fifth year, resulting in the significant jump in new issuances which are basically for refinancing the earlier obligations. The issuances in FY17 stood at Rs 32,100 crore for the state-owned banks and Rs 10,900 crore for private sector lenders. In FY18, the amounts stood at Rs 10,900 crore and Rs 23,500 crore, respectively, Icra said.

https://www.business-standard.com/article/finance/banks-at-1-bond-issuances-may-decline-to-rs-20-000-cr-in-fy23-report-122082200800_1.html

RBI likely to slow down pace of rate hikes, may raise rates by 0.25 pc in Sept: Deutsche Bank

The Reserve Bank's rate setting panel is likely to opt for slowing down the pace of hikes and increase the repo rate by 0.25 per cent in September, Deutsche Bank said on Monday. The central bank has already hiked the repo rate by 1.40 per cent in three consecutive actions since May this year, in response to the uncomfortably high inflation which has been consistently breaching upper end of the tolerance band set by the government to the RBI. In a report, the Germany-based bank said the RBI will respond with a slower pace of rate hikes from here, basing the expectation on the recently released minutes of the last meeting of the Monetary Policy Committee (MPC). It pointed to Governor Shaktikanta Das' statement, where he wrote that actions will be "calibrated, measured and nimble" as one of the most important factors.

<https://economictimes.indiatimes.com/news/economy/indicators/rbi-likely-to-slow-down-pace-of-rate-hikes-may-raise-rates-by-0-25-pc-in-sept-deutsche-bank/articleshow/93715240.cms>

At \$29 bn, Indian fintech sector now has 14% global funding share: Report

Indian fintech market has received \$29 billion in funding across 2,084 deals to date (January 2017-July 2022), gaining 14 per cent share of the global funding and No 2 spot on the deal volume, a new report has said. India's CAGR in the fintech sector grew by 20 per cent, which was higher than that of the US, the UK, and China which witnessed a growth of 16 per cent, 15 per cent, and 10 per cent, respectively, according to 'State of the Fintech Union 2022' report by the Boston Consulting Group (BCG) and Matrix Partners India. "Clocking over \$800 billion annual payments transaction value, fintechs have made a strong contribution to the Indian economy, and play a powerful role in the provision of full-fledged financial services to all Indians. We see this collective segment to be mission critical for the \$5 trillion Indian economy," it mentioned.

<https://economictimes.indiatimes.com/industry/banking/finance/at-29-bn-indian-fintech-sector-now-has-14-global-funding-share-report/articleshow/93715347.cms>

Industry

CAIT asks traders to fill up stocks as shoppers gear up for festive season

The Confederation of All India Traders (CAIT) has advised traders across the nation to keep their stocks filled ahead of the upcoming festive season. Citing a report of an internet-based market research company YouGov, CAIT said nearly 36 per cent urban shoppers were ready to spend more this season as they put the pandemic behind them. The traders' body is expecting growth in business in the small towns and rural areas too instead of just cities, they said in a release. They noted that both business to business (B2B) and business to consumer (B2C) sectors will witness growth this season. The key sectors expecting increasing sales this festive season include home appliances, travel, health and fitness, home decor and gold. Other sectors that can see heightened demand are consumer electronics, mobiles, readymade garments, gift articles, FMCG sector, consumer durables, electrical fixtures and fittings, according to the traders' body.

<https://www.financialexpress.com/industry/sme/msme-eodb-cait-asks-traders-to-fill-up-stocks-as-shoppers-gear-up-for-festive-season/2640108/>

Govt's e-commerce portal GeM now has whopping 50 lakh sellers

The government's platform for public procurement Government eMarketplace (GeM) has crossed a whopping 50-lakh seller mark amid the growing number of registrations on the MSME registration portal Udyam which is integrated with the marketplace. The milestone was achieved around five months after GeM crossed 40 lakh sellers. Launched in August 2016, the initial 10 lakh sellers were registered in the first 4.5 years (till January 2021) of GeM's operation while the rest 40 lakh sellers were onboarded in the following 20-month period. As of August 22, 2022, 50.05 lakh sellers and service providers were registered on GeM, of which 8 lakh were micro and small enterprises with a 55.01 per cent share in the portal's total order value. So far, 1.10 orders from the government including government departments, ministries, central public sector enterprises (CPSEs) involving transaction value of Rs 2.84 lakh crore have been processed on the GeM portal. The seller count increased drastically after the launch of the Udyam portal by the government in July 2020. According to the data shared by GeM's chief executive officer Prashant Kumar Singh at MSME Business Conclave in June this year organised by FE Aspire (Financial Express Online), the number of sellers increased by over 300 per cent from 3,47,254 in FY20 to 13,96,468 in FY21 and 228 per cent to 45,84,970 in FY22 in comparison to 67 per cent growth in FY20.

<https://www.financialexpress.com/industry/sme/msme-eodb-govts-e-commerce-portal-gem-now-has-whopping-more-than-50-lakh-sellers/2639982/>

Consumer durable firms ready with new launches this festival season

The consumer durables market that has been facing the heat over the last two festival seasons after undergoing severe repercussions from Covid -19 is all set to make a comeback with new launches and premium products for its consumers this season. Companies have stated that they are looking for growth in business this festival season on par with the pre-pandemic levels and will be offering lucrative deals to their consumers. With no-cost EMIs, extended warranties, cashbacks and easy financing options on consumer durable products, companies are hoping to steer the sales in the upcoming festival season.

<https://www.thehindubusinessline.com/companies/consumer-durable-firms-ready-with-new-launches-this-festival-season/article65796872.ece>

FMCG volume down 0.6% during June quarter; rural recovers but urban markets fell 4.1%: Kantar

Daily groceries and essentials consumers bought in the quarter ended June fell 0.6% in India, led by a steep fall in the urban markets even as demand in villages recovered. The performance also signalled consistent price hikes forcing people to cut back on household spending. A 2.8% expansion in rural areas during the quarter was offset by a slump in the cities where demand fell 4.1%, according to global consumer research firm Kantar Worldpanel (formerly IMRB). For most companies, urban areas are still the biggest market, accounting for nearly two-third of sales. "Though rural seems to be growing fast, and outpacing even last year's growth, it is coming on the back of soft drinks, juices and squashes, a sector which was severely affected in 2021 on the back of a devastating Delta wave of COVID, and in this behavior has benefitted from a searing hot summer. The 2.8% growth becomes negative 0.4% if

we remove the aforementioned categories," said K Ramakrishnan, managing director, South Asia, Kantar Worldpanel Division.

<https://economictimes.indiatimes.com/industry/cons-products/fmkg/fmkg-volume-down-0-6-during-june-quarter-rural-recovers-but-urban-markets-fell-4-1-kantar/articleshow/93710753.cms>

Auto component sector sees record turnover of Rs 4.2 trn in FY22: ACMA

Indian auto components industry clocked its highest-ever turnover of Rs 4.2 trillion in 2021-22, registering a growth of 23 per cent on the back of strong performance in exports and aftermarket, industry body ACMA said on Monday. Aftermarket denotes the market for auto components that are used to replace the original auto parts when they are not functioning properly. At a virtual press conference, Automotive Component Manufacturers' Association of India (ACMA) stated while auto parts' imports rose 33 per cent in 2021-22, exports grew 43 per cent in the same period. The auto component industry in India exported components worth Rs 1.41 trillion in 2021-22, it said, adding that auto parts worth Rs 1.36 trillion were imported in 2021-22.

https://www.business-standard.com/article/companies/auto-component-sector-sees-record-turnover-of-rs-4-2-trn-in-fy22-acma-122082201021_1.html

Authentic data, removal of import duty on cotton needed for textile sector: Survey

Authentic data and removal of import duty can enable growth for the textile sector in the upcoming cotton season, a survey carried out by a textile body said on Monday. The Indian Textpreneurs Federation (ITF) said the textile and apparel sector in the country is facing turbulence due to historic high cotton prices combined with demand contraction in developed markets, even as the industry is now hoping for a robust cotton crop harvest in the new season starting from October 2022, its convenor Prabhu Dhamodaran said in the survey report. The textile body had conducted a survey among its member entrepreneurs representing a major value chain of textile manufacturing to get a sense about few key friction points regarding the upcoming cotton season. Around 99 per cent of the entrepreneurs mentioned that cotton import duty will make Indian cotton prices higher than that prevailing in the international market.

<https://economictimes.indiatimes.com/industry/cons-products/garments-/textiles/authentic-data-removal-of-import-duty-on-cotton-needed-for-textile-sector-survey/articleshow/93712783.cms>

As cotton prices soar, textile units in South resort to production cut

Various textile units, from spinning mills to powerlooms to units manufacturing made-ups, in South India, particularly Tamil Nadu, are resorting to production cuts by shutting their units at least once or twice a day in view of cotton prices zooming to ₹1 lakh a candy (of 356 kg). "During June-July, cotton prices had declined to ₹82,000 a candy but they have now topped ₹1 lakh. Prices have suddenly begun to rise, mainly on speculation. We produce open-ended yarn but we are not even able to realise conversion costs," said M Jayabalan, President, Recycle Textile Federation (RTF), an organisation of open-end spinning mills. On Monday, the Federation raised the prices of various yarns by ₹15 a kg in view of the soaring cotton prices.

<https://www.thehindubusinessline.com/economy/agri-business/as-cotton-prices-soar-textile-units-in-south-resort-to-production-cut/article65798109.ece>

Agriculture

Committee on MSP sets up four sub-groups to discuss key issues

The committee on Minimum Support Price (MSP) formed four sub-groups on mandated topics, including making "MSP more effective and transparent" in its first meeting on Monday but Samyukta Kisan Morcha (SKM) remained absent. The committee, headed by former agriculture secretary Sanjay Agrawal, discussed ways to "promote zero budget based farming", to "change" crop patterns keeping in mind the changing needs of the country, and to make MSP more "effective and transparent". The panel has 26 members including the chairman, while three membership slots are kept aside for representatives of SKM. "After a day long deliberation, the committee decided to form four sub-groups or committees on three mandated topics," the committee member Binod Anand told PTI. Anand, who is holding the charge of general secretary at farmers' group CNRI, said the first group will study Himalayan states as well as the cropping pattern and crop diversification and how to ensure MSP support in those states.

<https://www.financialexpress.com/economy/committee-on-msp-sets-up-four-sub-groups-to-discuss-key-issues/2640064/>

Indian Sustainable Castor Standard to help develop sustainable and traceable supply chain: SEA

The Indian Sustainable Castor Standard (ISCS) will facilitate the development of a sustainable and traceable supply chain of castor, according to Atul Chaturvedi, President of Solvent Extractors' Association (SEA) of India. In his monthly letter to SEA members on Monday, he said ISCS will help improve the economic, social, and environmental performance of the castor supply chain, and thereby enhance economic self-sufficiency and livelihoods of small-holder producer. As the world is moving towards renewable resources, it is now mandatory to bring in sustainability in the resource supply chain. Stating that India produces more than 90 per cent of the world castor crop, he said SEA has been successfully running castor initiative since seven years.

<https://www.thehindubusinessline.com/economy/agri-business/indian-sustainable-castor-standard-to-help-develop-sustainable-and-traceable-supply-chain-sea/article65796568.ece>

Infrastructure

Delhi-Varanasi bullet train project hits roadblock, Railway Board rejects feasibility report

The proposed high-speed railway corridor between Delhi and Varanasi has hit a roadblock with the Railway Board rejecting the feasibility report on the project citing multiple curves along the route which will not be suitable for a bullet train to run at 350 kmph, sources said. The sources indicated that the decision was taken at a meeting held by Railway Board Secretary R N Singh last week to review the bullet train project. The feasibility study report was presented by the National High Speed Rail Corporation Limited (NHSRCL). The feasibility report proposed the corridor be built along the National Highway-2. It said this will help in the acquisition of land at cheaper rates and reducing the cost of construction. However, the technical issue which led to the outright rejection of the proposal was that NH-2 had curved sections at many places between Delhi and Varanasi, which would make it highly dangerous for a train to run at 350 kilometre per hour, a source present in the meeting said.

<https://www.financialexpress.com/infrastructure/delhi-varanasi-bullet-train-project-hits-roadblock-railway-board-rejects-feasibility-report/2639858/>

Luxury housing sales double in H1 2022, Mumbai region takes top spot

Demand for smart luxury homes with hi-tech surveillance and artificial intelligence (AI)-based features, including automatic temperature, light, and voice control features almost doubled in the first half (H1) of 2022 over the previous year. According to Anarock, 184,000 units were sold in the top seven Indian cities – the Mumbai Metropolitan Region (MMR), National Capital Region (NCR), Hyderabad, Bengaluru, Pune, Chennai, and Kolkata – in H1 of 2022. Of this, 14 per cent (25,680 units) were luxury homes. Each unit cost more than Rs 1.5 crore. In comparison, in the comparative period in 2019, 261,000 units were sold, of which only 7 per cent (17,740 units) were luxury homes. MMR saw the highest luxury home sales of over 13,670 units in H1 2022, followed by the NCR with 4,160 units. In 2019, they accounted for 11,890 luxury homes sold in the entire year.

https://www.business-standard.com/article/current-affairs/luxury-housing-sales-double-in-h1-2022-mumbai-region-takes-top-spot-122082200743_1.html

Energy

Govt allows retrofitment of CNG and LPG kits in BS-VI compliant vehicles

The government has allowed retrofitment of CNG and LPG kits in petrol and diesel vehicles that are compliant with BS-VI emission norm. As of now, such modifications are permissible only in vehicles that are compliant with BS-IV emission norm. "This ministry... has notified retrofitment of CNG and LPG kit on BS (Bharat Stage)-VI gasoline vehicles and replacement of diesel engines with CNG/LPG engines in case of BS-VI vehicles, less than 3.5 tonnes," the Ministry of Road Transport and Highways (MoRTH) said in a notification.

<https://economictimes.indiatimes.com/industry/auto/auto-news/govt-allows-retrofitment-of-cng-and-lpg-kits-in-bs-vi-compliant-vehicles/articleshow/93715451.cms>

Telecom

TDSAT to conduct hearings in 6 more cities

Telecom and broadcasting sector tribunal TDSAT will now conduct its hearing at six additional cities apart from Delhi, a government notification said. The new cities, where the Telecom Disputes Settlement & Appellate Tribunal would conduct its sittings are Mumbai, Pune, Chennai, Cuttack, Kolkata, Amritsar and Indore. This would be in addition to holding sittings of TDSAT at New Delhi, said the notification issued by the ministry of communications dated August 12 published on August 20. The decision was taken in consultation with the chairperson of TDSAT with "regard to the urgency, nature and in the interest of justice in the matters". The sitting would be for "two years from the date of publication," the notification added.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/tdsat-to-conduct-hearings-in-6-more-cities/articleshow/93716179.cms>

States

Delhi to have one charging point for every 15 EVs by 2024: EV Policy document

The Delhi government's charging plan for electric vehicles has incentives for battery swapping facility operators and one public charging point for 15 EVs by 2024, a new policy document has said. The government will also have the power distribution companies, or the discoms, studying the impact of EV charging on the grid. Delhi government on Monday released the charging 'action plan' for electric vehicles on completion of two years of its EV Policy that was first launched in 2020. The plan said that the biggest hindrance to the large-scale adoption of electric vehicles is inadequate charging infrastructure. Titled 'Charging/Swapping Infrastructure Action Plan for 2022-25', the document said that the national capital will operationalise the incentive provided to battery swapping facility operators in the Delhi EV policy.

<https://economictimes.indiatimes.com/industry/renewables/delhi-to-have-one-charging-point-for-every-15-evs-by-2024-ev-policy-document/articleshow/93716135.cms>

External

Exports of India's lab-made diamonds may hit \$8 bn amid rising US demand

India, which cuts or polishes about 90% of the diamonds sold in the world, is ramping up sales of laboratory-made gems as demand from the US surges and they become more accepted in other markets. Exports of polished lab-grown diamonds may double in the current financial year started April 1 from \$1.3 billion in the prior year, Vipul Shah, vice chairman of the Gem & Jewellery Export Promotion Council, said in an interview. "We have a huge potential to grow exports to \$7 billion-\$8 billion in the next few years on the back of US demand and acceptability in the UK and Australia," he said. "It is going to be treated as a fashionable jewelry, which is affordable to the youngsters, and that's the way the market is going to shift," Shah said.

https://www.business-standard.com/article/companies/exports-of-india-s-lab-made-diamonds-may-hit-8-bn-amid-rising-us-demand-122082201135_1.html

India, Iran sign bilateral seafarer pact amid Chabahar Port talks

As talks over the development of Chabahar Port gain momentum, India and Iran on Monday signed a memorandum of understanding (MoU) mutually recognising certificates of competency in unlimited voyages of seafarers from both the nations. The signing of the MoU is aimed at smoothening the movement of seafarers from both the countries, India's ministry of ports, shipping, and waterways said. The seafarer agreement, along with the handover of six mobile harbour cranes to the port authority, is the first tangible development after years of dormancy owing to the unfulfilled potential of the port and Covid-related restrictions.

https://www.business-standard.com/article/international/india-iran-sign-bilateral-seafarer-pact-amid-chabahar-port-talks-122082201005_1.html

MeitY pushes Chinese firms to participate in smartphone exports from India

The Ministry of Electronics and Information Technology (MeitY) has asked Chinese device makers to push exports from India and also bolster their supply chain in the country to increase value additions. A few such companies, such as Oppo, are already preparing a road map for the same, according to sources.

https://www.business-standard.com/article/economy-policy/meity-pushes-chinese-firms-to-participate-in-smartphone-exports-from-india-122082200999_1.html

Russia wants to expand imports from India in big way

Russia has circulated a fresh list of products, including items such as medical equipment, pharmaceuticals, chemicals, industrial equipment, garments, furniture and jewellery, that it wishes to import from India for a more balanced bilateral trade and a sustainable implementation of rupee-denominated payment mechanism, a person tracking the matter has said. “The latest list of request for cooperation from Russia, which has been circulated to export organisations, has a total of 71 requests. The entries in the list are mostly enquiries from Russian companies for imports, but also include some items for possible exports. The wide variety of items—ranging from machinery, paper, textiles, leather and motor parts, to diagnostics and drugs—shows the country’s interest in trading in products beyond food and daily essentials to close the trade gap,” the source said.

<https://www.thehindubusinessline.com/economy/russia-keen-to-import-wide-range-of-indian-products-to-balance-trade/article65798239.ece>

Egypt's deal to buy Indian wheat at \$400 per tonne stands, says minister

Egypt's supply minister said on Monday an agreement to buy 180,000 tonnes of Indian wheat at \$400 per tonne still stood, although the wheat had not been shipped yet. Egypt, one of the world's biggest wheat importers, has in recent years purchased much of its grain from the Black Sea, but has sought to diversify import origins following disruptions by Russia's invasion of Ukraine. Egypt contracted to buy the 180,000 tonnes of wheat from India in June.

https://www.business-standard.com/article/economy-policy/egypt-s-deal-to-buy-indian-wheat-at-400-per-tonne-stands-says-minister-122082200719_1.html