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Economy

India economic indicators gave mixed signals on recovery in July

India's business and consumption activity showed conflicting signs of recovery in July as elevated inflation, rising borrowing costs and fears of a global slowdown weighed on Asia's third-largest economy. Demand for Indian goods and services softened, a cross-section of high-frequency indicators compiled by Bloomberg News showed. The needle on a dial measuring so-called animal spirits, however, remained steady at 5 last month as the gauge uses a three-month weighted average to smooth out volatility in the single month readings.

<https://economictimes.indiatimes.com/news/economy/indicators/india-economic-indicators-gave-mixed-signals-on-recovery-in-july/articleshow/93763949.cms>

Finance Ministry makes unauthorised publication of export-import data compoundable offence

The Finance Ministry has made the unauthorised publication of import-export data a compoundable offence, wherein an offender can avoid prosecution by paying Rs 1 lakh compounding amount. The Budget 2022-23 inserted Section 135AA in the Customs Act that made unauthorised publishing of information, like value or quantity, relating to export or import a penal offence, inviting a jail term of up to 6 months or a fine of Rs 50,000. The Central Board of Indirect Taxes and Customs (CBIC) on August 22 notified the amendments to the Customs (Compounding of Offences) Amendment Rules, 2022, by including offences under Section 135AA of the Customs Act. As per the amendment, the compounding charges to be paid by the offender would be "Rs one lakh for the first offence, to be increased by 100 per cent of this amount for each subsequent offence".

<https://www.financialexpress.com/economy/finance-ministry-makes-unauthorised-publication-of-export-import-data-compoundable-offence/2642824/>

High commodity prices to keep rupee under pressure: BofA Securities

Elevated commodity prices could widen India's current account deficit, keeping the rupee under pressure until more sustainable capital flows can fill the gap, BofA Securities said in a note on Wednesday. "India has continued to post wide trade deficits due to higher prices of oil and other commodities, which have eroded INR's basic balance buffer," the research house said. Higher oil price and other commodity prices "are materially impacting" the fundamental outlook for rupee amid increased risks of populist measures, it said. Multiple measures from the Indian government and the Reserve Bank of India (RBI) to reduce demand for the dollar and improve supply to the tune of over \$40 billion across spot and forwards, will likely stabilize rupee briefly, it said. Sustained support from RBI would be needed to maintain a gradual pace of rupee depreciation.

https://www.business-standard.com/article/economy-policy/high-commodity-prices-to-keep-rupee-under-pressure-bofa-securities-122082400811_1.html

86% Indians hope to access most govt services online in 5 yrs: Deloitte

With the internet becoming ubiquitous by the day, the use of digital platforms to access government services is set to rise. According to a study, 86 per cent of Indian respondents expect most government services to be available online over the next five years. The research, 'Digital Smart: Advancing digital government for citizens in the Asia-Pacific', conducted by Deloitte and unveiled by enterprise software provider VMware, found that 86 per cent in India

agree that the government needs to invest more in technology to better prepare for the future. With 900 million new internet users expected to be added to the region (Australia, Singapore, Indonesia, Vietnam, India, Japan, and South Korea) by 2025, the need for investment in digital services by governments continues to grow. The study found that the use of in-person government services halved across APAC nations in the last two years, and 77 per cent of citizens now primarily use a digital platform to access government services. Moreover, 67 per cent of respondents expected the quality of government services to be on par with those offered by the private sector, with 41 per cent struggling to access digital services on their own, due to a lack of basic digital skills and shortfall in digital infrastructure.

https://www.business-standard.com/article/economy-policy/86-indians-hope-to-access-most-govt-services-online-in-5-yrs-deloitte-122082400683_1.html

Geopolitical tensions biggest risk to India's growth outlook: Jayanth Varma

The biggest risk to India's growth outlook is an escalation of geopolitical tensions, especially if these tensions spread to the Asian region, RBI Monetary Policy Committee (MPC) member Jayanth R Varma said on Wednesday. Varma, in an interview to PTI, said that inflation and inflationary expectations appear to be moderating and high inflation will certainly not become the 'norm' in the country. He is cautiously optimistic about the Indian economy as after the pandemic abated, consumption demand has begun to recover though the recovery is uneven across sectors and industries. "Capacity utilization has been inching up, and is now approaching levels at which business will have to seriously consider capital expenditure for expansion," Varma added. He further noted that the MPC is determined to bring inflation down close to the target rate of 4 per cent as quickly as possible without imposing intolerable costs in terms of economic growth.

https://www.business-standard.com/article/economy-policy/geopolitical-tensions-biggest-risk-to-india-s-growth-outlook-jayanth-varma-122082400321_1.html

Banking and Finance

Govt considers selling at least 51% of state-backed IDBI Bank: Report

India's government is considering selling at least 51 per cent of state-backed IDBI Bank Ltd., according to people with knowledge of the matter. Officials in the government and the state-backed Life Insurance Corp. of India, which together own about 94 per cent of IDBI Bank's shares, are in talks about how much of their stakes they plan to sell, the people said. Both parties are expected to retain a stake in the lender after the sale, the people said, asking not to be identified as the information is confidential. A panel of ministers will make the final decision on the structure of the deal, the people said. The government and LIC will formally seek to gauge buyer interest as soon as the end of September, one of the people said.

https://www.business-standard.com/article/economy-policy/govt-considers-selling-at-least-51-of-state-backed-idbi-bank-reports-122082400551_1.html

High interest rates do not deter home buyers, says BoB research report

High interest rates does not impact the demand for housing as individual home buyers are aware that it may move up and down during the tenure of their loan, said a research report by Bank of Baroda. The borrowing rates are on the rise since May this year after the Reserve Bank of India (RBI) effected first hike in the benchmark lending rate. The repo rate has increased by 140 basis points since May. The report on 'Housing loan scenario in India' said the housing segment has shown resilience post pandemic. The strong momentum in housing loans by both Public Sector Banks (PSBs) and other financial institutions also points to the same. The government and RBI measure to support this sector, along with lower prices and interest rates helped cushion the impact of the Covid-19 pandemic on this sector.

https://www.business-standard.com/article/finance/high-interest-rates-do-not-deter-home-buyers-says-bob-research-report-122082401088_1.html

States' revenue growth to slide to 9% despite robust GST collections: Study

States' revenue growth will slide to 7-9 per cent in FY23 even as handsome GST collections will help in the accretion, a report said on Wednesday. The revenue growth had galloped 25 per cent in FY22 courtesy a lower base in the pandemic-affected FY21, the report by rating agency Crisil, which analysed 17 states accounting for 90 per cent of

the aggregate GSDP, said. In FY23, healthy tax buoyancy will be supporting the revenue growth, with Goods and Services Tax (GST) collections and devolutions from the Centre -- which together comprise up to 45 per cent of the states' revenue -- expected to show robust double-digit growth, it said. The agency's senior director Anuj Sethi said the biggest impetus to the revenue growth will come from aggregate state GST collections, which had already rebounded by 29 per cent in FY22.

https://www.business-standard.com/article/economy-policy/states-revenue-growth-to-slide-to-9-despite-robust-gst-collections-study-122082400878_1.html

Industry

E-governance project: 9 company forms to go live from Sept 1

The Corporate Affairs Ministry (MCA) on Wednesday announced the next big step in the rollout of Version 3.0 of MCA21, India's first mission mode e-governance project. It has decided to from September 1 on-board corporates currently on Version 2.0, sources said. MCA has identified as many as nine company forms — DIR3-KYC Web, DIR3-KYC Eform, DPT-3, DPT-4, CHG-1, CHG-4, CHG-6, CHG-8 and CHG-9 — that will go live from September 1 and would be the first set to be launched on the MCA21 V3 portal. "In view of the upcoming launch of 9 company forms in version-3, LLP filings on MCA21 V-3 portal will not be available from August 27 (00.00 AM) to August 28 (23.59 hrs). However, MCA21 V-2 portal for company filings will remain available," MCA said on Wednesday. MCA also said that remaining company forms and other modules like e-adjudication, compliance management systems are scheduled to be fully deployed within the calendar year.

<https://www.thehindubusinessline.com/economy/policy/mca21-v30-nine-company-forms-to-go-live-from-sep-1/article65806935.ece>

Govt planning PLI scheme for toys, lab-made gems, bicycles

India is eyeing a mega plan to incentivise the manufacturing of bicycles, lab-grown gems and toys in the country and has begun discussions on stitching together production-linked incentive (PLI) schemes for these sectors. With the successful rollout of PLI schemes for 14 sectors to create national manufacturing champions, discussions are on to have similar incentives for some more job-creating sectors, officials said. "Talks to include toys, bicycles and lab-grown gems within the PLI umbrella are going on," said an official. The extant PLI schemes have an outlay of ₹1.97 lakh crore and aim to create 6 million jobs in the next five years. "Preliminary discussions are on with various stakeholders," said an official.

<https://economictimes.indiatimes.com/news/economy/policy/govt-planning-pli-scheme-for-toys-lab-made-gems-bicycles/articleshow/93761661.cms>

CAIT to educate 25 lakh traders across India on competition with retail, e-commerce biggies

Traders' body Confederation of All India Traders (CAIT) on Wednesday said it will educate and guide 25 lakh traders across the country by August 15 next year under its CAIT India Literacy Mission (CILM) to be launched on September 5. The awareness programme will aim at helping traders understand about business upgradation, modernisation and adoption of digital technology. Moreover, CAIT said the initiative would help businesses compete with the global multinationals and big corporate houses trying to control and monopolise the retail trade and e-commerce ecosystem in India. CILM will be launched in the national capital on the upcoming Teacher's day and subsequently in all state capitals by CAIT's state chapters. The traders' body has tied up with Graposs Edutech, an online education company to facilitate traders with online learning in assistance with local level trade associations across the country.

<https://www.financialexpress.com/industry/sme/msme-eodb-cait-to-educate-25-lakh-traders-across-india-on-competition-with-retail-e-commerce-biggies/2642913/>

Readymade garments sold in loose form to be exempted from Legal Metrology (Packaged Commodities) Rules

The Consumer Affairs Ministry has brought in formal notification for exclusion of readymade garments sold in loose form at retail stores from the ambit of the Legal Metrology (Packaged Commodities) Rules. Such products will need to display certain information for the benefit of consumers such as the name of manufacturer, MRP and country of origin, among others. The industry bodies said, this move is expected to bring in much needed regulatory clarity for the apparel and hosiery manufacturers and retailers. In the past, the Ministry have issued advisories to provide clarity

on this matter but, industry bodies such as Clothing Manufacturers Association of India (CMAI) and Federation of Hosiery Manufacturers Association (FOHMA) had been urging the Centre to create solid regulations to remove ambiguity in interpretation at the state level.

<https://www.thehindubusinessline.com/economy/readymade-garments-sold-in-loose-form-to-be-exempted-from-legal-metrology-packaged-commodities-rules/article65805164.ece>

Six-year high: Over 90,000 new companies registered with MCA in H1 2022

In a sign that the economy is well on its road to recovery, new company registrations were at record high in the first six months of this calendar year. Services sector accounted for the most new registrations, followed by manufacturing. According to the Ministry of Corporate Affairs, a total of 90,051 companies were registered across the country between January and June 2022 — clocking a 15 per cent increase compared to the year-ago period (78,533 registrations). Surprisingly, around 47,784 new companies registered themselves in the Covid-hit 2020. The number of company closures was also quite high in the first half, with 59,560 firms downing their shutters in this period. This is five-fold higher than the 9,563 companies that closed down in H1 2021. A total of 8.47 lakh companies are closed in India currently, and 7,041 are under liquidation.

<https://www.thehindubusinessline.com/data-stories/data-focus/six-year-high-over-90000-new-companies-registered-with-mca-in-h1-2022/article65805975.ece><https://www.thehindubusinessline.com/data-stories/data-focus/six-year-high-over-90000-new-companies-registered-with-mca-in-h1-2022/article65805975.ece>

Agriculture

Centre calls meeting with States on Aug 30 to draw rice procurement plan

The Food Ministry is taking all precautions for the ensuing kharif marketing season to procure rice for the Central Pool after having been unable to procure even 50 per cent of wheat in the rabi marketing season this year. It is expecting the States to convey how much of rice it could procure during a meeting on August 30. The meeting for this year's rice procurement plan assumes significance amid an 8 per cent drop in acreage under paddy from a year ago and also the crop getting damaged due to floods in several parts of the country. States' food secretaries have been urged to come up with a realistic assessment as the Centre cannot afford to repeat what happened in the case of wheat due to stocks dropping in the Central Pool, an official source said. However, officials in some States said a lot depends on market price of paddy as farmers would prefer to sell in mandis if they get higher rates.

<https://www.thehindubusinessline.com/economy/agri-business/centre-calls-meeting-with-states-on-aug-30-to-draw-rice-procurement-plan/article65806664.ece>

Infrastructure

Road, shipping, rail ministry arms sign agreement to develop Multi Modal Logistics Parks

The centre has prioritized swift development of modern Multi Modal Logistics Parks (MMLPs) through a tripartite agreement signed between roads, shipping, and railway ministries arms on Wednesday. An official statement said this agreement has been signed by National Highways Logistics Management Limited (NHLML), Inland Waterways Authority of India (IWAI), and Rail Vikas Nigam Limited (RVNL). The three will jointly develop MMLPs under Bharatmala Pariyojna across the country with an objective to centralize freight consolidation and reduce logistics cost from 14% to less than 10% of Gross Domestic Product (GDP), at par with International Standards. Road Transport Minister Nitin Gadkari said that this agreement will facilitate seamless modal shift. "MMLPs will ensure that cargo is swapped or shifted from and to Waterways, Dedicated Freight Corridors and Road Transport," he noted.

<https://economictimes.indiatimes.com/news/economy/infrastructure/road-shipping-rail-ministry-arms-sign-agreement-to-develop-multi-modal-logistics-parks/articleshow/93757652.cms>

Energy

India pushes for renewable energy initiative with Central Asia: invites region to join International Solar Alliance

Despite complementarities, the share of energy exports from Central Asian countries to India remains minuscule, said Bandaru Wilsonbabu, Joint Secretary, Ministry of External Affairs, at the webinar: India- Central Asia Business Council Webinar on Energy Cooperation, organised by FICCI. Wilsonbabu alluded to India's substantial progress and

initiatives, notably, the installed renewable energy capacity, which stood fourth largest globally, and stated that the "share of non-fossil fuel energy has reached 40% of India's energy mix." "India stands ready to share its experience and expertise in renewable energy and welcome the Central Asian countries in the International Solar Alliance and the One Sun, One World, One Grid initiative," he added.

<https://economictimes.indiatimes.com/industry/renewables/india-pushes-for-renewable-energy-initiative-with-central-asia-invites-region-to-join-international-solar-alliance/articleshow/93760678.cms>

Telecom

BSNL to sell 10,000 towers as part of monetisation plans

Bharat Sanchar Nigam Limited (BSNL) has kicked off a process to sell 10,000 telecom towers to meet targets laid out by the Centre as part of its national monetisation pipeline (NMP), people aware of the development told ET. The state-owned telecom services provider has pegged the enterprise value of the towers to be sold at ₹4,000 crore and engaged KPMG as a financial advisor to administer the sale, they said. Industry watchers believe the tower sale could attract interest from Brookfield-owned Data Infrastructure Trust, which acquired over 130,000 towers of Reliance Jio in 2019, and Indus Towers, which is partly owned by Airtel.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/bsnl-to-sell-10000-towers-as-part-of-monetisation-plans/articleshow/93739678.cms>

States

Tamil Nadu govt will review MSMEs' demand to reduce proposed power tariff hike: Report

Electricity Minister of Tamil Nadu, V Senthil Balaji on Tuesday said the government would look at micro, small, and medium enterprises (MSMEs) demand to reduce the proposed electricity tariff hike, The New Indian Express (TNIE) reported. The Minister told reporters the proposed revision of demand and fixed charges for MSMEs will be completed and submitted to the Tamil Nadu Electricity Regulatory Commission (TNERC) within a few days, after consultation with Chief Minister MK Stalin. However, Balaji eliminated the possibility of reducing the electricity hike for domestic units, as per the report. He also said that the tariff revision has been suggested because Tamil Nadu Electricity Department is seeing losses and paying higher interest for its loans.

<https://www.financialexpress.com/industry/sme/msme-eodb-tamil-nadu-govt-will-review-msmes-demand-to-reduce-proposed-power-tariff-hike-report/2642642/>

Healthcare

Healthcare's booming & banks are going all out to finance it

With demand for healthcare financing increasing amid Covid-19, banks are earmarking a specific corpus for financing health equipment, diagnostic centres and specialty hospitals, especially in tier-2 and tier-3 towns. Looking at the low penetration levels in this segment, banks are offering more attractive pricing as compared to non-banks to grab market share. "We are bullish on medical equipment and have set up a separate vertical for this within the small business banking team," said Sumit Bali, head-retail, Axis Bank. "We see a lot of potential for this segment. It requires special focus so that we can scale it up and bring more depth."

<https://economictimes.indiatimes.com/industry/healthcare/biotech/healthcare/healthcares-booming-banks-are-going-all-out-to-finance-it/articleshow/93762229.cms>

External

India to incentivize rupee-settled exports to boost Russia trade: Sources

India may give incentives to exporters settling trades using rupees to boost the acceptability of the currency and increase the sales of goods to Russia, which has fallen because of western sanctions, according to government and industry sources. The move is designed to boost Russian trade after the Reserve Bank of India (RBI) put in place a mechanism for international trade settlements using the rupee last month. Indian companies are already swapping out the dollar and euro for Asian currencies to settle trades to avoid Western sanctions imposed on Russia after their invasion of Ukraine. The most likely incentive that will be granted would apply a current program for trades using

fully convertible currencies such as the dollar and the euro to the rupee, which is only partially convertible, according to the three sources.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-to-incentivize-rupee-settled-exports-to-boost-russia-trade-sources/articleshow/93754349.cms>

Gulf won't significantly cut down oil exports to India to satisfy Europe

Gulf oil exporters will most likely not cut crude supplies to India significantly next year in a bid to satisfy growing demand from Europe, executives at Indian state-run refiners told *The Economic Times*. State-run refiners, which are currently preparing to negotiate an annual crude purchase deal, source nearly 60 per cent of their oil requirement through term deals. The annual buy agreement is renewed every year with the Gulf suppliers, mainly with West Asian national oil companies. Amid Russia's ongoing war in Ukraine, European nations have pledged to cut down their Russian oil dependency by December and are seeking to replace Moscow's crude from Gulf countries and other sources. As Europe decreases Russia's oil imports, Russian crude has gained a big share in India's spot purchases.

https://www.business-standard.com/article/economy-policy/gulf-won-t-significantly-cut-down-oil-export-to-india-to-satisfy-europe-122082400417_1.html