



October 12, 2022 – Wednesday

Economy

IMF cuts India's FY23 GDP forecast to 6.8%, flags global inflation crisis

The International Monetary Fund, in its latest World Economic Outlook report, cut the forecast for India's gross domestic product (GDP) growth in financial year 2022-23 (FY23) by 60 basis points (bps) to 6.8 per cent, warning of a long and tough economic winter. "The outlook for India is for growth of 6.8 per cent in 2022, a 0.6 percentage point downgrade since the July forecast, reflecting a weaker-than-expected outturn in the second quarter (April-June) and more subdued external demand," IMF said. In IMF parlance, 2022 would denote FY23 in case a nation follows a fiscal year starting April. For the rest, it would denote the current calendar year. In its July World Economic Outlook (WEO) report, the IMF had cut India's FY23 growth forecast by 80 bps to 7.4 per cent. With this, the IMF has joined other agencies that now see India's GDP growing below 7 per cent in the current financial year, like the World Bank and State Bank of India, among others. However, the IMF maintained a forecast of 6.1 per cent for FY24.

https://www.business-standard.com/article/economy-policy/imf-cuts-india-s-fy23-gdp-growth-forecast-by-60-bps-to-6-8-122101101004_1.html

FM Nirmala Sitharaman says India's growth rate to be around 7% this financial year

Amidst reports of a global recession and downgrading of growth rates of almost all major economies, Finance Minister Nirmala Sitharaman on Tuesday exuded confidence on India's relative and absolute growth performance in the rest of the decade and forecast the country's growth rate to be around 7 per cent this financial year. Addressing a gathering here, Sitharaman said India's foundation for the ongoing successful recovery from the pandemic was laid when Prime Minister Narendra Modi took office in 2014. "I am aware that growth forecasts around the world are being revised lower. We expect India's growth rate to be around 7 per cent this financial year. More importantly, I am confident of India's relative and absolute growth performance in the rest of the decade," she said.

<https://economictimes.indiatimes.com/news/economy/indicators/sitharaman-says-indias-growth-rate-to-be-around-7-this-financial-year/articleshow/94798610.cms>

Rs 13.5-trn annual investment needed for full employment in India: Study

The government needs to enact a 'Right to Work' legislation and invest at least 5 per cent of GDP, that is Rs 13.52 lakh crore, per year to ensure full employment in the country, as per a study by the People's Commission on Employment and Unemployment. The People's Commission on Employment and Unemployment, set up by Desh Bachao Abhiyan, released its study 'Right to Work: Feasible and Indispensable for India to be a truly Civilized and Democratic Nation' on Tuesday. The report stated that full employment cannot be achieved through a piecemeal approach as it requires drastic changes in the legal, socio-political and economic aspects. It suggested that the government should enact a 'Right to Work' law to ensure decent livelihood for citizens.

https://www.business-standard.com/article/economy-policy/rs-13-5-trn-annual-investment-needed-for-full-employment-in-india-study-122101100995_1.html

Banking and Finance

RBI raises minimum capital requirement for ARCs, widens scope of their activity

he central bank Tuesday raised the minimum capital requirement for asset reconstruction companies (ARC) and widened the scope of their activities by allowing them to act as resolution applicants under the bankruptcy law. These are crucial parts in the revised set of rules for ARCs the Reserve Bank of India (RBI) unveiled Tuesday with an aim to improve the regulatory framework and strengthen governance standards of ARCs. Earlier, the RBI opposed the proposal allowing ARCs to bid for debt resolution under bankruptcy courts. The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act prohibits ARCs from doing other activities than that of securitisation or asset reconstruction, without the RBI's permission.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-raises-minimum-capital-requirement-for-arcs-widens-scope-of-their-activity/articleshow/94793110.cms>

India in talks with different countries to make RuPay acceptable in their nation, says Sitharaman

India is talking to different countries to make RuPay acceptable in their nations, Union Finance Minister Nirmala Sitharaman said on Tuesday. "Not just that, the UPI (Unified Payments Interface), the BHIM app, and NCPI (the National Payments Corporation of India) are all now being worked in such a way that their systems in their respective country, however, robust or otherwise can talk to our system and the inter-operability itself will give strength for Indians expertise in those countries," she said. "We are working together with several countries," Sitharaman said in response to a question from an Indian student at the University of Maryland, who wanted to have the UPI in the United States as well.

<https://economictimes.indiatimes.com/industry/banking/finance/india-in-talks-with-different-countries-to-make-ruPAY-acceptable-in-their-nation-says-sitharaman/articleshow/94798507.cms>

Life insurers' new biz premium up 17 pc at Rs 36,367 crore in September: Irdai

The new business premium income of domestic life insurance companies rose by 17.3 per cent to Rs 36,366.53 crore in September of this fiscal year, data from Irdai showed on Tuesday. All the 24 life insurance companies had a collective premium income of Rs 31,001.17 crore in the same period a year ago. The largest and the only state-owned insurer LIC recorded a jump of nearly 35 per cent in the new premium income of Rs 24,991.26 crore in September 2022-23, as against Rs 18,520.21 crore in same period of 2021-22, showed the data from the Insurance Regulatory and Development Authority of India (Irdai). However, the rest of the 23 players in the private sector witnessed a decline of 8.9 per cent in their combined new premium income during the reported month at Rs 11,375.27 crore as against Rs 12,480.96 crore a year ago.

<https://economictimes.indiatimes.com/industry/banking/finance/insure/life-insurers-new-biz-premium-up-17-pc-at-rs-36367-crore-in-september-irdai/articleshow/94794571.cms>

Microfinance: Credit disbursed jumps nearly 90% in June quarter from year ago: Report

The microfinance sector has recorded growth of 88.9 per cent in the amount disbursed to Rs 49,788 crore during the first quarter (April-June) of the financial year 2022-23 from Rs 26,357 crore disbursed during Q1 FY22. However, the quarter-on-quarter (QoQ) growth registered a decline of 39.2 per cent from Rs 81,898 crore during Q4 FY22, showed the latest quarterly microfinance report by credit bureau CRIF High Mark on Tuesday.

In terms of the number of loans, the quarter ended June 2022 saw 67.9 per cent growth in loans disbursed to 1.24 crore loans from 74.4 lakh loans during the June quarter last FY even as quarterly loans disbursed dropped by 38.6 per cent from 2.03 crore loans during the quarter ended March this year.

<https://www.financialexpress.com/industry/sme/msme-fin-microfinance-loans-disbursed-jump-nearly-90-during-june-quarter-from-year-ago-report/2706896/>

States borrowing cost rises 6 bps to 7.83 pc for the fourth week in a row

States continue to pay a higher cost for their dated securities for the fourth week in a row, with the latest auction of bonds offering an average yield of 7.83 per cent, up 6 bps from the last week. Eight states raised Rs 8,900 crore on Tuesday, which is nearly 29 per cent lower than Rs 12,400 crore indicated for this week in the auction calendar. The weighted average cut-off of the state government securities increased by 6 bps to 7.83 per cent at today's auction from 7.77 per cent in the last auction, despite a dip in weighted average tenor to 11 years from 13, Icri Ratings said in a note. In contrast, the 10-year g-sec yield eased to 7.43 per cent today from 7.47 per cent last Tuesday whereas the weighted average cut-off of the 10-year state debt marginally rose to 7.83 per cent from 7.79 per cent.

<https://economictimes.indiatimes.com/news/economy/finance/states-borrowing-cost-rises-6-bps-to-7-83-pc-for-the-fourth-week-in-a-row/articleshow/94793706.cms>

Industry

'77% Indian firms to hire more apprentices in July-Dec period'

Around 77% employers are likely to increase their hiring of apprentices in July-December 2022, up from 72% in the first half of the year, according to the findings of the latest TeamLease Apprenticeship Outlook report, shared exclusively with ET. The net apprenticeship outlook (NAO) - the difference between companies looking to increase their engagement of apprentices and those expecting a decrease - rose to 69%, a 13-percentage-point increase over the previous half year, the steepest in two years. Twelve sectors (out of 24) improved their outlook by 10 percentage points or more for the July-December period. Four of the six new sectors clocked NAOs of more than 70%. Electrical & electronics sector recorded the highest NAO (92%), followed by aerospace & aviation (88%), and engineering & industrial (87%). Electrical & electronics (92%), beauty & wellness (75%) and travel & hospitality (70%) witnessed the sharpest increase in their NAOs from the previous half year.

<https://economictimes.indiatimes.com/news/india/77-indian-firms-to-hire-more-apprentices-in-july-dec-period/articleshow/94795688.cms>

Startup funding drops by 80% YoY to \$3 bn in Q3 of Calendar 2022: Tracxn

Indian startups raised \$3 billion in Q3 2022 (July-Sept), which was 57 per cent lower as compared to the previous quarter, according to a new report by Tracxn, the technology-led market intelligence platform. "Q3 2022 witnessed \$3 billion in funding, which is 57 per cent lower from Q2 2022 and 80 per cent lower than the peak funding of \$14.9 billion received in the same quarter last year," according to the 'Tracxn Geo Quarterly Report: India Tech Q3 2022'. The report said the average ticket size also witnessed a drop across all funding stages, with the late stage seeing the biggest fall of over 70 per cent, from \$142 million in Q3 of 2021 to \$42 million in Q3 of 2022. This is indicating that investors are not willing to make large investments until economic conditions stabilise.

https://www.business-standard.com/article/companies/startup-funding-drops-by-80-yoy-to-3-bn-in-q3-of-calendar-2022-tracxn-122101100729_1.html

Agriculture

Wheat prices rule higher in UP, Bihar amid shortage

Wheat prices in Uttar Pradesh, the country's largest wheat-producing state, and neighbouring Bihar are ruling 4-5% higher than other wheat-producing states as they are facing a wheat shortage for the first time even as prices continue to rise across the country. Higher wheat demand due to high capacity of flour mills, non-availability of wheat from the central government for the first time, and shipping out all the excess wheat for exports are keeping wheat prices comparatively high in eastern UP and Bihar and forcing them to import wheat from other states to run their own mills, trade insiders said.

<https://economictimes.indiatimes.com/news/economy/agriculture/wheat-prices-rule-higher-in-up-bihar-amid-shortage/articleshow/94783341.cms>

Infrastructure

229 infra projects examined by NPG since October 2021 under PM GatiShakti

As many as 229 critical infrastructure projects of different ministries including ports and steel have been examined and recommended by the Network Planning Group (NPG), constituted under the PM GatiShakti initiative, since last October, a senior official said on Tuesday. On October 13, Prime Minister Narendra Modi launched the Gati Shakti-National Master Plan aimed at developing integrated infrastructure to reduce logistic costs. All logistics and connectivity infrastructure projects, entailing investment of over Rs 500 crore, are routed through the NPG, constituted under the PM GatiShakti initiative. "As of today 229 critical infrastructure gaps have been reported and necessary recommendations have been given by the NPG from the perspective of logistics efficiency," Special Secretary in the Department for Promotion of Industry and Internal Trade (DPIIT) Amrit Lal Meena told reporters here.

<https://economictimes.indiatimes.com/news/economy/infrastructure/229-infra-projects-examined-by-npg-since-october-2021-under-pm-gatishakti/articleshow/94795580.cms>

Indian Railways weighs stricter wagon-booking rules

The Indian Railways is proposing to tighten wagon booking norms for freight movement, in a crackdown against 'indent mafia'. An indent is a booking demand raised by a customer seeking to use the railway wagons for transporting commodities. The Railways is now proposing to penalise those furnishing false information. It had earlier made submission of Letter of Credit (LC) details mandatory for placing indent for goods traffic for Bangladesh.

<https://economictimes.indiatimes.com/industry/transportation/railways/indian-railways-weighs-stricter-wagon-booking-rules/articleshow/94796216.cms>

Railways plans to set up EV charging points at major stations in 3 years

Over the next three years, the Indian Railways will install electric vehicle (EV) charging points at all major stations across the country under a new policy of promoting e-mobility, reported *The Economic Times (ET)* on Tuesday. In the first phase of installation of charging points for electric vehicles, railway stations in megacities with a population of over four million each will be taken up, the *ET* report stated. According to a document, the Indian Railways envisages the installation of EV charging stations in Mumbai, Delhi, Bengaluru, Hyderabad, Ahmedabad, Chennai, Kolkata, Pune, and Surat by December 2024, the report stated. The move is aimed at curtailing the use of internal combustion engine (ICE) vehicles by 2025 for the Indian Railways' internal use, as it aims to become a net zero carbon emitter by 2030.

https://www.business-standard.com/article/economy-policy/railways-plans-to-set-up-ev-charging-points-at-major-stations-in-3-years-122101100270_1.html

India a key aviation market; air travel demand to be robust, says IATA

India is a key aviation market for the Asia Pacific region as well as the rest of the world and is expected to see robust air travel demand, global airlines' grouping IATA said on Tuesday amid the country's domestic air passenger traffic inching towards pre-COVID levels. After being significantly hit by the COVID-19 pandemic, the Indian aviation sector is on the recovery path and airlines are also ramping up their staff as well as expanding routes to cater to the rising travel demand. On October 9, the daily number of domestic air passengers touched 4 lakh, nearing the pre-COVID level and Prime Minister Narendra Modi on Tuesday described the trend as a "great sign". India's civil aviation sector is poised for phenomenal growth in terms of passengers, aircraft and airport. The country is projected to have 40 crore air travellers, including domestic and international, by 2027, Civil Aviation Minister Jyotiraditya Scindia said in August.

https://www.business-standard.com/article/current-affairs/india-a-key-aviation-market-air-travel-demand-to-be-robust-says-iata-122101100677_1.html

Office realty market seeing strong growth amid 'Return to Office' trends, may beat 2019 record

The office realty market has been on a strong growth trajectory and could well be touching the historic-high of 2019 by the year's end with some large deals being signed recently. As per Cushman & Wakefield, the top eight office real estate markets across India, the gross leasing volume (GLV) is expected to reach nearly 68 MSF by year-end, a historic high level only witnessed in 2019. Pan India GLV has already reached 55 MSF as of YTD 2022 surpassing the cumulative leasing volumes for the whole of last year. Pan India GLV stood at 17.7 MSF in Q3, a 23% growth on an annualized basis, thereby maintaining healthy momentum witnessed in the last couple of quarters.

<https://economictimes.indiatimes.com/industry/services/property/-cstruction/office-realty-market-seeing-strong-growth-amid-return-to-office-trends-may-beat-2019-record/articleshow/94794973.cms>

Rising median loan rates leads to fall in affordability: Knight Frank India

The real estate market has seen a decline in affordability due to the recent rise in median loan rates as a result of the 50 basis points (bps) hike in repo rates by the Reserve Bank of India (RBI). A cumulative increase of 0.95 per cent in median home loan rate has impacted the purchase affordability and purchase decisions of homebuyers, according to the Affordability Index by Knight Frank. The Affordability Index tracks the EMI (equated-monthly instalment) to income ratio for an average household. The index highlighted that the cumulative rate hikes decreased home purchase affordability by 2 per cent across markets and increased EMI load by 7.4 per cent. "Home affordability, due

to the rise in median loan rates, has worsened in 2022. On September 30, the RBI increased the repo rate by 50 bps, taking the cumulative hike to 190 bps in 2022.” said Shishir Bajjal, chairman and managing director, Knight Frank India.

https://www.business-standard.com/article/companies/rising-median-loan-rates-led-to-fall-in-affordability-of-homebuyers-by-2-122101101059_1.html

Energy

Centre offers 42 oil and gas blocks for exploration, development

The government has put up as many as 42 oil and gas blocks for exploration and development through international competitive bidding. According to announcements made by upstream regulator Directorate General of Hydrocarbons (DGH), this includes 26 oil and gas blocks offered under the Open Acre Licensing Policy (OALP), along with 16 blocks for prospecting for coal-bed methane. The government has not given a timeline for the bidding for the 26 oil and gas blocks. These cover an area of approximately 223,000 square kilometers (sq. km), constituting one of the largest such offerings in recent times. Of the 26 blocks, 18 were carved out by the government and eight have been notified as a result of expressions of interest (EOIs) received from potential investors.

https://www.business-standard.com/article/economy-policy/centre-offers-42-oil-and-gas-blocks-for-exploration-development-122101101098_1.html

Overseas oil & gas fields' output dips 22% in 2 years

Output from India's oil and gas fields overseas has fallen 22% in two years as sanctions on Russia hurt operations, Covid dragged down capex, and purchases of new producing fields stalled even as existing assets matured. Indian state-run companies' share of output from overseas fields has fallen to 8.1 million metric tonnes of oil equivalent (mtoe) in April-August, 12% lower than a year earlier, according to the oil ministry data. The output in August was down 16% from a year ago.

<https://economictimes.indiatimes.com/industry/energy/oil-gas/overseas-oil-gas-fields-output-dips-22-in-2-years/articleshow/94796049.cms>

Govt mulls 233 GW new transmission capacity

The Ministry of Power on Tuesday said the government is mulling electricity transmission for renewable energy capacity of about 233 GW, latest by 2030, across the country. "Planning of transmission system for integration of additional 52 GW potential REZ (renewable energy zone) by 2026-27 have been carried out...transmission schemes for another 181.5 GW... by 2030 have been planned and the same would be taken up for implementation in a progressive manner," the ministry told members of Parliamentary Consultative Committee attached to it in a meeting held on Tuesday. The Meeting of Parliamentary Consultative Committee attached to the Ministry of Power was held in New Delhi, as per a statement. Union Minister for Power R K Singh chaired the meeting.

<https://economictimes.indiatimes.com/industry/energy/power/govt-mulls-233-gw-new-transmission-capacity/articleshow/94793677.cms>

Telecom

DoT summons mobile device makers, telecom companies to push 5G updates

The Department of Telecommunications (DoT) has summoned mobile device makers and telecom companies on Wednesday, following complaints from the latter that phone-manufacturing companies have not released their updated software patches, over the air that allow users of 5G-enabled phones access the recently rolled-out service. According to telecom companies, customers with 5G phones are not getting the service on their phones, even though they have 5G is available in select cities, such as Delhi, Mumbai, Kolkata, Chennai, and Varanasi. Smartphone makers, on the other hand, have hit back at telcos, saying though they announced the launch of 5G in the week of Dusshera, there are only a handful of 5G towers. According to device makers, telcos are unfairly blaming them for the problem; one telco in Delhi, they say, has only a few 5G towers with very limited coverage.

https://www.business-standard.com/article/companies/dot-summons-mobile-device-makers-telecom-companies-to-push-5g-updates-122101101133_1.html

External

UAE looks to have a cohesive digital strategy with India

India and the United Arab Emirates (UAE) can have a cohesive and integrated digital strategy that could mutually benefit both the nations, said Omar Bin Sultan Al Olama, UAE Minister of State for Artificial Intelligence, Digital Economy, and Remote Work Applications. "The Indian government has been a great partner to the UAE. If you think about the technology sector, there are credible opportunities for Indian entrepreneurs to leverage UAE as a global hub where the founders can come to the UAE and expand their businesses," Al Olama said on the sidelines of GITEX GLOBAL 2022, the ongoing global technology event in Dubai. "India has the scale, maturity in terms of market, and growth potential while UAE has the agility in government and diversity in talent," he added. In February this year, the UAE and India signed the Comprehensive Economic Partnership Agreement (CEPA) to foster clear and transparent rules on trade. Under the CEPA, both countries expect to boost bilateral trade from \$60 billion to 100 billion within the next 5 years. "The SEPA agreement will set the tone for collaboration between the two nations," Al Olama.

<https://www.financialexpress.com/industry/technology/uae-looks-to-have-a-cohesive-digital-strategy-with-india/2706823/>

Iran protests hit fresh orders for tea, basmati

Iran, the biggest market for Indian basmati rice and premium orthodox tea, has stopped giving fresh orders for these commodities amid anti-government, anti-hijab protests across Iranian cities, slowing down exports from India considerably. Trade insiders said Iranian buyers have stopped giving fresh orders as they are keeping a close watch on the developments in the country where the situation is tense with protests spreading and the government intensifying crackdown on protesters. "Everything was going fine. But the sudden tension in Iran has slowed down exports to the West Asian nation," said Mohit Agarwal, director at Asian Tea & Exports, a leading tea producer and exporter based in Kolkata. "In the last ten days, we are seeing that movement (of commodities) has slowed. The shops are shut and buyer are taking cautious steps. However, we are hopeful that this will not continue for long and exports to Iran will increase," he said.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/iran-protests-hit-fresh-orders-for-tea-basmati/articleshow/94796181.cms>