



October 13, 2022 – Thursday

Key Developments

Govt amends Multi State Cooperative Societies Act to bring in transparency

More than a year after a cooperatives ministry was formed with Home Minister Amit Shah as its head, the Cabinet on Wednesday approved extensive amendments to the Multi State Cooperative Societies Act (MSCS). The Act was last amended in 2002. The amendments make the functioning of the board of such cooperatives transparent — registration becomes simpler and seats can be reserved for women, scheduled caste and scheduled tribe candidates in coop boards. Also, a Cooperative Election Authority can be formed to conduct free, fair and timely elections to coops. Credit cooperatives constitute the bulk of the MSCS (610), followed by agriculture-oriented MSCS (244). There are around 100 multi-state cooperative diaries and 70 multi-state cooperative banks. The Bill will incorporate provisions of the 97th Constitutional Amendment.

https://www.business-standard.com/article/economy-policy/cabinet-clears-amendments-to-multi-state-cooperative-societies-act-122101201091_1.html

Economy

India's CPI inflation surges to 5-month high of 7.41% in September; above RBI threshold for 9th month in a row

India's retail inflation surged to a five-month high of 7.41 per cent in September, remaining above the Reserve Bank of India's upper threshold of 6 per cent for three full quarters. This could prompt a formal explanation from the RBI to the government on why the inflation has breached the target limit. RBI has a mandate to keep CPI inflation at 4 per cent, with a range of +/-2 per cent. September retail inflation was sharply higher than the 7 per cent in August, 6.71 per cent in July. September CPI inflation was also markedly higher than a Reuters poll estimate of 7.3 per cent. Analysts had projected the CPI inflation levels to rise on the back of rising food prices, oil production cuts and disruptions, and aggressive monetary policies by central banks across the world. The Reserve Bank of India, in its monetary policy committee decision, projected the inflation at 7.1 per cent and highlighted a downward trend in the following quarters. According to RBI's assessment, inflation is expected to fall within the central bank's comfort zone of 2-4 per cent in two years. Food inflation in September 2022 came in at 8.41 percent as against 7.62 percent in the preceding month. Inflation rate for vegetables grew by 18.05 percent in September. For pulses, the inflation rate came in at 3.05 percent. Fuel and light inflation fell to 10.39 percent in contrast to 10.78 percent in August. Clothing & footwear inflation grew by 10.17 per cent. Apart from this, milk and products inflation rate came in at 7.13 per cent, fruits inflation rate rose by 5.68 per cent, spices grew by 16.88 per cent, while inflation rate for packaged meals, snacks or sweets increased by 7.76 per cent.

<https://www.financialexpress.com/economy/indias-cpi-inflation-surges-to-5-month-high-of-7-41-in-september-above-rbi-threshold-for-9th-month-in-a-row/2708102/>

Industrial production slips to 18-month low, contracts 0.8 pc in August: Govt data

India's industrial production slipped to an 18-month low, contracting by 0.8 per cent in August, mainly due to a decline in output of the manufacturing and mining sectors, according to official data released on Wednesday. India's industrial production slipped to an 18-month low, contracting by 0.8 per cent in August, mainly due to a decline in output of the manufacturing and mining sectors, according to official data released on Wednesday. Factory output,

measured in terms of the Index of Industrial Production (IIP), had expanded by 13 per cent in August 2021. The IIP grew by 2.2 per cent in July this year. The manufacturing sector shrank by 0.7 per cent in August 2022 compared to the 11.1 per cent growth recorded in the year-ago period, as per the data released by the Statistics and Programme Implementation Ministry.

<https://www.financialexpress.com/economy/industrial-production-contracts-0-8-pc-in-august-govt-data/2708354/>

India macro indicators may return to FY20 level by FY27, says IMF

India's combined fiscal deficit (Centre + states) is likely to return to the pre-pandemic level (FY20) of 7.5 per cent of gross domestic product (GDP) only by FY27, according to the International Monetary Fund (IMF). In its fiscal monitor report by the multilateral lending agency released on Wednesday, the combined fiscal deficit is expected to improve only a tad to 9.9 per cent of GDP in FY23 from 10 per cent in FY22. IMF also projected India's combined debt-to-GDP ratio to remain significantly higher than the pre-pandemic level of 75.1 per cent in the coming years and come down slightly to 83.4 per cent in FY23 from 84.2 per cent in FY22.

https://www.business-standard.com/article/economy-policy/india-s-macro-indicators-to-remain-above-pre-pandemic-level-imf-122101200986_1.html

Govt may bring e-commerce policy once ONDC stabilises: Report

The government will look to stabilise its e-commerce firm ONDC and address the data privacy concerns before bringing a proposed e-commerce policy, according to an official source. In June 2021, the Department of Consumer Affairs under the Food and Consumer Affairs Ministry released a draft set of rules that aims to tighten the governance of e-commerce platforms. On the other side, the Department of Promotion of Industry and Internal Trade (DPIIT) under the Commerce and Industry Ministry is also framing a national e-commerce policy. A couple of ministries are involved in the policy making as it lies in the jurisdiction of other legislations. "We have already launched the Open Network for Digital Commerce (ONDC) to help small retailers. It has gone quite well. We have raised funds for ONDC. Once this gets stabilised and democratised, it will be easy to formalise the proposed e-commerce policy," the source said.

https://www.business-standard.com/article/economy-policy/govt-may-bring-e-commerce-policy-once-ondc-stabilises-report-122101201117_1.html

Geospatial economy to cross ₹63,000-cr mark by 2025: Minister

The geospatial economy in the country is expected to cross the ₹63,000-crore mark by 2025, growing at 12.8 per cent, and will provide employment to over 10 lakh people. Geospatial start-ups are going to play a major role in this, according to Union Minister for Science and Technology and Earth Sciences, Jitendra Singh. Delivering the keynote address at the second United Nations World Geospatial Information Congress (UN-WGIC) 2022 here on Tuesday, he said over 250 geospatial start-ups in the country were developing products and services in domains such as waste resource management, forestry, urban planning and mapping of roads.

<https://www.thehindubusinessline.com/economy/geospatial-economy-to-cross-63000-cr-mark-by-2025-minister/article65997327.ece>

Rural demand in India to rebound due to multiple factors: Morgan Stanley

A combination of factors like wider opening, improving labour market and terms of trade for the rural sector will result in rural demand to rebound in India, said Morgan Stanley on Wednesday. In a research report, Morgan Stanley also said the high-frequency data suggest that overall economic activity has been normalising over the past three months after remaining sluggish in the trailing 12 months. According to the high-frequency data, the improvement has been led by a lower unemployment rate in rural areas, recovering two-wheeler sales, increasing growth of credit to the agriculture sector, and early signs of stabilisation in terms of trade, the report said. "Furthermore, government spending directed towards rural areas continues to track at 3.3 per cent of GDP (gross domestic product) vs. the pre-pandemic trend of 2.2 per cent of GDP," Morgan Stanley said.

https://www.business-standard.com/article/economy-policy/rural-demand-in-india-to-rebound-due-to-multiple-factors-morgan-stanley-122101200601_1.html

Budget 2023 to focus on growth, address inflation concerns, says FM Sitharaman

Faced with twin challenges of slowing growth rate and high inflation, Finance Minister Nirmala Sitharaman on Tuesday said her Budget for the next financial year will be 'very carefully structured' to help the economy sustain growth momentum and rein in prices. She identified high energy prices among the biggest problems facing the Indian economy in the near future. "Specifics (of the next budget) may be difficult at this stage because it's a bit too early. But broadly, the growth priorities will be kept absolutely on the top. Even as I speak about the concerns that inflation brings before me. So, inflation concerns will have to be addressed. But then how would you manage growth would be the natural question," Sitharaman said. "But that's the point of being sure how you're going to be able to balance the two and be sure that the momentum that the Indian economy has got coming out of the pandemic and the momentum with which it will grow even the next year, even as per the many many multilateral institutions which are observing India cannot be weakened," she said. "So, it will have to again be a very carefully structured budget in which growth momentum will have to be sustained." The growth momentum in the Indian economy seems to be waning as seen in a slowdown in industrial production and exports.

<https://www.financialexpress.com/economy/budget-2023-to-focus-on-growth-address-inflation-concerns-says-fm-sitharaman/2708045/>

Banking and Finance

RBI asks banks to stop building positions in offshore market, say bankers

The Reserve Bank of India, seeking to arrest the rupee's slide, is asking local banks to not build additional positions in the non-deliverable forward market, a move that could lead to offshore volatility spilling into local markets, bankers and traders said. The build-up of positions in this segment of the market is forcing the RBI to spend more reserves to defend the rupee, one of the bankers said. The RBI's informal communication to local bankers is a step back from the directions it issued in June 2020, when it allowed banks operating from the International Financial Services Centre Banking Units to trade in the NDF segment.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-asks-banks-to-stop-building-positions-in-offshore-market-say-bankers/articleshow/94822874.cms>

RBI rate hikes to have limited impact on Indian banks' profits: Moody's

The Reserve Bank of India's slew of rate hikes this year to combat surging inflation will help lift banks' net interest margins, but the increase will be limited as funding costs will rise faster than loan rates, Moody's Investors Service said. The RBI has now raised rates by a total 190 basis points since its first unscheduled mid-meeting hike in May, with further hikes likely on the cards. While India's economic growth will slow, its growth outlook was better than its peers, Moody's said in a note on Wednesday. Banks' profitability would also be reined in by losses on their government securities holdings as yields rise, the ratings agency said. "NIMs (net interest margins) will increase but only around 15-25 basis points, lagging rises in interest rates," it said.

https://www.business-standard.com/article/markets/rbi-rate-hikes-to-have-limited-impact-on-indian-banks-profits-moody-s-122101200545_1.html

UPI, RuPay, BHIM to go global says FM Sitharaman, India in talks with these nations

India is talking to different countries to make Rupaya 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 interoperability 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. Sitharaman made the remarks at the prestigious Brookings Institute think-tank during a fireside chat with eminent economist Eshwar Prasad.

<https://www.financialexpress.com/economy/upi-rupay-bhim-to-go-global-says-fm-sitharaman-india-in-talks-with-these-nations/2707689/>

Industry

Govt likely to clear semiconductor unit proposals in next 30-60 days: Rajeev Chandrasekhar

The government is likely to start approving proposals to set up electronic chip and display manufacturing plants in the country in next 30-60 days, Minister of State for Electronics and IT Rajeev Chandrasekhar said on Wednesday. Speaking at IESA Vision Summit, Chandrasekhar said there has been a tremendous progress in the development of the semiconductor ecosystem in the country in the last 8-9 months. The government has received proposals from five companies for setting up electronic chip and display manufacturing plants with investment of Rs 1.53 lakh crore. Vedanta Foxconn JV, IGSS Ventures, ISMC propose to set up electronic chip manufacturing plants with USD 13.6 billion investment and have sought support of USD 5.6 billion from the Centre under the Rs 76,000 crore Semicon India Programme. Vedanta Foxconn JV, IGSS Ventures, ISMC propose to set up electronic chip manufacturing plants with USD 13.6 billion investment and have sought support of USD 5.6 billion from the Centre under the Rs 76,000 crore Semicon India Programme.

<https://economictimes.indiatimes.com/news/economy/policy/govt-likely-to-clear-semiconductor-unit-proposals-in-next-30-60-days-mos-it/articleshow/94816826.cms>

India Inc's Q2 profit may fall on commodity price pressures: Report

India Inc is expected to report a three per cent year-on-year decline in profits for the July-September period, a report said on Wednesday. This fall in profitability will be the fourth straight quarter of the decline in profits for the listed companies, rating agency Crisil's research wing said. "Profitability...is seen declining 300 basis points (bps) due to elevated commodity prices," the report, based on research of 300 companies from 47 sectors, said. "Rising revenue momentum is not translating into profit margin proportionately," Crisil Research's associate director Sehul Bhatt said. The revenues are expected to rise by 15 per cent during the quarter when compared to the year-ago period, the report said, attributing it to moderate price hikes and steadily rising volumes.

https://www.business-standard.com/article/companies/india-inc-s-q2-profit-may-fall-on-commodity-price-pressure-report-122101200737_1.html

Indian BPM industry grew 14% in FY 22: Nasscom

The Indian Business Process Management (BPM) industry, with revenues pegged at \$44 billion, experienced double-digit growth of over 14 per cent in FY22 as compared to FY21, according to Nasscom. It accounts for nearly 40 per cent of global sourcing spend. "India's BPM sector has evolved in terms of service portfolio expansion, value propositions and business models. The segment has continued its transformation, building new value offerings for global clients to help them with scale and efficiency," Nasscom said. Nasscom in collaboration with HFS Research launched a new research report titled "The Evolution of BPM Services: Cost, Outcomes, and Growth" based on an extensive survey of 600+ global 2000 enterprises conducted between June to August 2022.

<https://www.thehindubusinessline.com/info-tech/indian-bpm-industry-grew-14-in-fy-22nasscom/article66001101.ece>

Smartphone volumes drop, but revenue hits a record

Smartphone shipments in the festive season so far are as much as 20-25% lower from a year earlier at around 18 million units, hurt by tepid demand in the high-volume, entry-level, price segments amid accelerating inflation, say market trackers. However, revenue from smartphone sales since the start of the season late last month has increased to a record \$3 billion, as a result of higher average prices as brands pushed costlier devices with offers and discounts, they added. "Based on our conversations with OEMs (manufacturers) and channels, smartphone shipments were at 18 million units, 20-25% less than what was seen last year," said Faisal Kawoosa, chief analyst at market research firm TechArc. Revenue was up by 30%, hitting a record \$3 billion, he added.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/smartphone-volumes-drop-but-revenue-hits-a-record/articleshow/94819888.cms>

Agriculture

Unseasonal rains damage crops, veggies get expensive

Unseasonal rains have caused prices of vegetables to go up, and traders expect them to remain firm in November as well because both standing crops and stocks have been damaged. Tomatoes have become costlier by more than 50% in retail markets since the beginning of this month. Traders expect onion prices to go up to 40-50% as heavy rains have damaged stocks in Maharashtra. Unseasonal rains in Uttar Pradesh have damaged the potatoes that are

harvested early and delayed the sowing of the late variety. Prices of the tuber may increase by ₹7-8 a kg before the new crop arrives in the market, traders said.

<https://economictimes.indiatimes.com/news/india/unseasonal-rains-damage-crops-veggies-get-expensive/articleshow/94819596.cms>

Infrastructure

Cabinet approves development of container terminal at Deendayal Port in Gujarat

The Union Cabinet on Wednesday approved the project to develop the container terminal at Tuna-Tekra, Deendayal Port in Gujarat under the public private partnership mode. The estimated cost of Rs 4,243.64 crore will be on the part of the Concessionaire and an estimated cost of common user facilities of Rs 296.20 crore will be on the part of the concessioning authority toward development of common user facilities. Information and Broadcasting Minister Anurag Thakur said that during the concession period, the concessionaire will have the liberty to handle vessels up to 18 metre-draught by deepening/widening its approach channel, berth pocket and turning circle.

<https://economictimes.indiatimes.com/industry/transportation/shipping/-/transport/cabinet-approves-development-of-container-terminal-at-deendayal-port-in-gujarat/articleshow/94812134.cms>

PM Gati Shakti: All States, UTs set up EGoS to operationalise State master plan

All 36 States and UTs have set up Empowered Group of Secretaries (EGoS) for seamless implementation of the Centre's ambitious PM Gati Shakti master plan while 1380 projects are already being monitored by the project monitoring group, per an internal assessment note of the Commerce and Industry Ministry.

<https://www.thehindubusinessline.com/economy/pm-gati-shakti-all-states-uts-set-up-egos-to-operationalise-state-master-plan/article66001363.ece>

Key govt group clears 229 large projects under PM GatiShakti

The Network Planning Group (NPG), which reviews large projects under the PM GatiShakti initiative, have so far cleared as many as 229 critical infrastructure projects of different ministries, a senior government official said on Tuesday. In October last year, Prime Minister Narendra Modi had rolled out the Gati Shakti-National Master Plan. It is essentially a GIS-based platform with close to 1,500 layers, capturing all utilities and network linkages in various economic clusters. Under this, different departments join hands for a coordinated development of projects, especially to address first and last-mile connectivity issues and reduce logistics costs. Amrit Lal Meena, special secretary in the Department for Promotion of Industry and Internal Trade (DPIIT), said: "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." The projects are from various ministries, including steel, coal, ports and shipping.

<https://www.financialexpress.com/infrastructure/key-govt-group-clears-229-large-projects-under-pm-gatishakti/2707503/>

Energy

Oil PSUs to get ₹22,000 crore grant to offset LPG losses

The Cabinet approved a grant of ₹22,000 crore for state-run oil marketing companies on Wednesday to compensate them for losses incurred by selling cooking gas at below-market rates. The grant will be distributed among the three corporations - Indian Oil, Bharat Petroleum and Hindustan Petroleum - and help ensure an "unhindered" supply of domestic cooking gas or LPG, said an official statement. International prices of LPG had increased 300% between June 2020 and June 2022 but domestic price increases were only 72%, leading to significant losses for oil marketing companies, according to the statement. "To insulate consumers from fluctuations in international LPG prices, the cost increase was not fully passed on to consumers of domestic LPG," it said.

<https://economictimes.indiatimes.com/industry/energy/oil-gas/oil-psus-to-get-22000-crore-grant-to-offset-lpg-losses/articleshow/94819404.cms>

Telecom

Telecom sector hiring up 13% in September, shows Monster Employment Index

India's telecom sector recorded robust hiring activity in September supported by key players who are rapidly expanding their operations across geographies with the rollout of 5G services, according to the latest Monster Employment Index. Hiring activity in the sector increased by 13% during the month as major operators launch their digital services in different cities, expand their data centre capabilities, and hire for specialised roles. Hiring intent in the sector also remains positive for the upcoming quarters, according to the index that is based on real-time review of millions of employer job opportunities culled from a large, representative selection of online career outlets. The index also showed an uptick in seasonal job creation across tier-2 cities pushed by festive season demand.

<https://economictimes.indiatimes.com/jobs/telecom-sector-hiring-up-13-in-september-shows-monster-employment-index/articleshow/94809634.cms>

States

Union Cabinet approves Rs 6,600 cr scheme 'PM-DevINE' for Northeastern states

Prime Minister's Development Initiative for North East Region (PM-DevINE), a Rs 6,600 crore scheme to support infrastructure, industries and other livelihood projects in the Northeastern states, was approved on Wednesday by the Union Cabinet, chaired by Prime Minister Narendra Modi. The new scheme, to be implemented during the remaining four years of the 15th Finance Commission from 2022-23 to 2025-26, is a 100 per cent Central government-funded plan and will be administered by the Ministry of Development of North Eastern Region (DoNER), an official statement said. Efforts will be made to complete the PM-DevINE projects by 2025-26 so that there are no committed liabilities beyond this year and this implies front-loading of the sanctions under the scheme in 2022-23 and 2023-24 primarily, it said. While expenditure would continue to be incurred during 2024-25 and 2025-26, focused attention will be given to completing the sanctioned PM-DevINE projects.

<https://economictimes.indiatimes.com/news/economy/policy/union-cabinet-approves-rs-6600-cr-scheme-pm-devine-for-northeastern-states/articleshow/94816030.cms>

External

India-UK free trade deal stuck on free access to skilled workers

India's reputation as one of the world's toughest trade negotiators is becoming more than an inconvenience for UK Prime Minister Liz Truss. While Prime Minister Narendra Modi pledged to prioritize rapid "early harvest" trade agreements in 2021, India has signed just two new deals -- one with United Arab Emirates and another with Australia. Now prospects for a much-touted pact with the UK look to be getting bogged down. For Truss, India's stance may force her to offer concessions because the pressure to strike big trade deals is already high. Failure will provide another blow to her post-Brexit vision that the UK can clinch new deals in markets that were previous closed off due to its membership in the European Union. The US has already signaled that a deal with the UK is off the table in the short run. Any failure to conclude a trade accord with Britain will be a missed opportunity for India, a nation upon which many economies are pinning their hopes amid intensified geopolitical struggles between the west and China. The deal, if clinched, would be India's biggest and most ambitious free-trade agreement to date.

https://www.business-standard.com/article/economy-policy/india-uk-free-trade-deal-stuck-on-free-access-to-skilled-workers-122101201194_1.html#google_vignette

US to help India address semiconductor supply challenges: Official

India and the United States of America will join hands to address supply chain challenges of semiconductors and the latter will help India boost its semiconductor manufacturing capacity, US deputy assistant secretary, South and Central Asia, Afreen Akhter has said. "I had extremely positive meetings with Indian officials," she told ET. "India and USA are willing to join hands to address supply chain challenges of the semiconductor industry. The USA will assist India in capacity building in this sector." The US diplomat explained that his trade mission is in the backdrop of the US decision to expand partnership with like-minded countries like India and Taiwan.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/us-to-help-india-address-semiconductor-supply-challenges-official/articleshow/94819668.cms>

Indian exporters can ship sugar to US under TRQ by Dec 31

The government on Wednesday permitted the export of specified quantity of raw sugar to the US under the Tariff-Rate Quota (TRQ) till December-end this year. Earlier, it was permitted till September 30. "The validity for export of raw sugar to the US under TRQ has been extended from September 30, 2022 to December 31, 2022," the Directorate General of Foreign Trade (DGFT) said in a public notice.

<https://economictimes.indiatimes.com/small-biz/trade/exports/insights/indian-exporters-can-ship-sugar-to-us-under-trq-by-dec-31/articleshow/94810620.cms>