



October 20, 2022 – Thursday

Key Developments

Non-tax benefits for MSMEs for 3 years even after reclassification

The government on Wednesday said that micro, small and medium enterprises (MSME) will continue to avail all non-tax benefits in their respective categories post re-classification for three years, in a major relief for the sector. The MSME ministry notified that in case of re-classification in terms of investment in plant and machinery or equipment or turnover or both, and consequent re-classification, an enterprise shall continue to avail of all non-tax benefits of the category it was in before the re-classification for three years from the date of the such upward change. "This decision has been taken after due deliberations with MSME stakeholders and is in line with the Atmanirbhar Bharat Abhiyan," the ministry said in a statement.

<https://economictimes.indiatimes.com/news/economy/policy/non-tax-benefits-for-msmes-for-3-years-even-after-reclassification/articleshow/94972959.cms>

Economy

India's economic growth outlook stagnates, stuck in lower gear

India's economy will grow well below its potential over the next two years, with inflation staying above the mid-point of the Reserve Bank of India's tolerance band despite recent interest rate rises, according to a Reuters poll of economists. While growth was expected to be faster than many other economies, it would be too slow for the job creation needed to pull tens of millions of people out of poverty in a country typically ranked one of the worst in the world for hunger. Growth likely slowed sharply to an annual 6.0% in the third quarter from 13.5% in the second that was supported mainly by statistical comparisons with a year earlier rather than new momentum. It was expected to decelerate further to 4.4% in the fourth quarter, according to an Oct. 13-19 Reuters poll.

<https://economictimes.indiatimes.com/news/economy/indicators/indias-economic-growth-outlook-stagnates-stuck-in-lower-gear/articleshow/94975688.cms>

GST Council to meet before mid-Nov; GoM report on tax casinos on agenda

The GST Council is likely to meet in the first half of November to discuss the reports of the panel of ministers on setting up GST appellate tribunal and levy of tax casinos and online gaming, an official said. In addition, the status on the much awaited full report of the committee tasked with rationalisation of GST rates may also come up for discussion at the 48th Council meeting in Madurai. Even if the report, which is to look at merger in GST slab that may result in prices of some goods and services going up, is presented, it is unlikely to be acted upon by the GST Council in view of high inflation. The GoM on rate rationalisation set up on September 24, 2021 was originally due to submit its report within two months or November 2021. The panel has got subsequent extensions since then. The Council, in its last meeting in June, had given the GoM time till September to submit a full report.

https://www.business-standard.com/article/economy-policy/gst-council-to-meet-before-mid-novr-gom-report-on-tax-casinos-on-agenda-122101901202_1.html

Banking and Finance

Sebi focuses on data, technology tools to detect malpractice in securities market

With an aim to strengthen transparency and fairness in the capital markets, Sebi is focusing on data tools to detect wrong-doing in the securities market as well as for its policy formulation. Apart from data, another focus area for the Securities and Exchange Board of India (Sebi) would be deployment of technology. "Data and technology are the two new tools that Sebi is building for itself," the regulator said, adding that the move would enhance transparency and fairness in the securities market. In its annual report for 2021-22, the regulator said it is increasingly using more and more data to detect wrongdoings in the markets, whether it is in respect of surveillance of trading or investigation into fraud or inspection of market intermediaries. In its decision making particularly in the context of policy formulation, the regulator said it "will rely more and more on data and eschew dogma in any form. The approach of decision making will be guided by principles and logic supported by data rather than bald references to precedent which may or may not be relevant in today's context". Also, the regulator is focusing on deployment of technology in four broad areas –market, functionality of digital interface between registered intermediaries and Sebi; automation of surveillance and investigation; and cyber security.

<https://www.financialexpress.com/market/sebi-focuses-on-data-technology-tools-to-detect-malpractice-in-securities-market/2721180/>

RBI rate hikes to contain price rise; inflation to fall below 6pc next year

RBI Monetary Policy Committee (MPC) member Ashima Goyal on Wednesday said that the efforts of the Reserve Bank to contain price rise by repeatedly increasing interest rates will help in containing inflation, which is likely to fall below 6 per cent next year. Goyal further said that the policy rate hikes have largely reversed pandemic-time cuts but the real rate remains low enough not to hurt the growth recovery. "With a lag of two-three quarters, higher real rates will reduce demand in the economy. "International commodity prices are softening with the global slowdown and supply chain bottlenecks have reduced," she told PTI in a telephonic interview. "The Indian government is also taking action to reduce supply-side inflation. Current projections show inflation falling below 6 per cent next year," Goyal said.

<https://www.financialexpress.com/economy/rbi-rate-hikes-to-contain-price-rise-inflation-to-fall-below-6pc-next-year/2720843/>

NBFC-MFI loan book likely to grow 30% in FY23 with resurgence in demand for micro loans: Report

Non-banking financial companies (NBFCs) in the microfinance sector (NBFC-MFIs) are expected to see a 30 per cent year-on-year (YoY) growth in their loan book in the financial year 2022-23 on the back of a resurgence in demand for micro loans, especially from Tier-III cities, said credit rating company CareEdge in a report on Wednesday. The gross loan portfolio of NBFC-MFIs in the current fiscal is likely to hit the Rs 81,215 crore mark vis-a-vis Rs 61,341 crore in FY22 that saw 17 per cent YoY growth, the company said based on data from its sample set of NBFC-MFIs. The YoY growth in NBFC-MFIs loan book had peaked at 66 per cent in FY18 (during the FY17-23 period) before it slipped to 14 per cent in FY21 amid Covid. The recovery began in FY22 supported by strong disbursements in the latter part of the fiscal, shunning off negative growth and the halt in business operations witnessed in Q1FY22 owing to the second wave of the pandemic, the report noted.

<https://www.financialexpress.com/industry/sme/msme-fin-nbfc-mfi-loan-book-likely-to-grow-30-in-fy23-with-resurgence-in-demand-for-micro-loans-report/2721621/>

No 'significant cuts' expected in Budget Estimate for Central Ministries/Departments

Initial indications from Inter-Ministerial meetings on the Budget show no significant cuts in allocations for various Ministries. It will be reflected in Revised Estimate (RE). Still, Finance Ministry could get high savings thanks to the new accounting mechanism. Inter-Ministerial meetings to finalise Revised Estimate for Fiscal Year 2022-23 and the first print of Budget Estimate (BE) for Fiscal Year 2023-24 began on October 10 and will continue till November 11. "Finance Ministry officials have not given any hint about allocation cuts, and it seems RE for many Ministries/Departments could be close to or even higher than BE," a senior government official told businessline.

<https://www.thehindubusinessline.com/economy/no-significant-cuts-expected-in-budget-estimate-for-central-ministriesdepartments/article66031575.ece>

Industry

India's mineral output registers cumulative growth of 4.2 pc in April-August period

The country's mineral output registered a cumulative growth of 4.2 per cent in the first five months of this fiscal compared to the year-ago period. However, the index of mineral production of mining and quarrying sector during August was at 99.6, which was 3.9 per cent lower as compared to the level in August last year, according to the provisional data of Indian Bureau of Mines (IBM). The output of important minerals in August includes coal 580 lakh tonnes, lignite 29 lakh tonnes, natural gas (utilised) 2,829 million cu m, petroleum (crude) 24 lakh tonnes and bauxite 14.5 lakh tonnes.

<https://www.financialexpress.com/economy/indias-mineral-output-registers-cumulative-growth-of-4-2-pc-in-april-august-period/2720844/>

FMCG companies may let go of discounts as palm oil rally makes ground slippery

Packaged consumer goods companies selling processed foods, soaps and cosmetics said they may pull back discounts on large packs after the festive season, if the palm oil price that shot up 22% in India in the last one week doesn't come down. The price of palm oil, which had come down by more than 50% from their peak earlier this year, has surged again, with Russia threatening to pull out of an agreement on Black Sea grain exports - palm oil also comes under the category - and heavy rains in Malaysia raising concerns over palm oil supplies. "We are holding on to current prices till Diwali, but will take a call on pulling back the discounts on big packs if the palm oil prices remain at current levels," said Mayank Shah, senior category head at biscuits maker Parle Products. "Prices of wheat and sugar which remain at elevated levels are anyway continuing to impact our margins," Shah said.

<https://economictimes.indiatimes.com/industry/cons-products/fmcf/fmcf-companies-may-let-go-of-discounts-as-palm-oil-rally-makes-ground-slippery/articleshow/94973379.cms>

Demand for precious metals jumps 40% YoY ahead of Dhanteras

Demand for precious metals jumped by 40% year-on-year (YoY) ahead of the Dhanteras with gold contributing to 70% of the overall demand during this festive season, reports the latest Justdial Consumer Report. Demand for precious metals in Tier-II cities remained high vis-à-vis Tier-I with Tier-II cities witnessing a 44% jump. Searches in Tier-I cities for precious metals rose by 34%. With prices softening, gold remained the most sought-after precious metal and saw a 34% (YoY) jump in demand, silver by 140%, platinum by 82%, while that for diamond remained stable on Justdial. Commenting on the consumer trends, Mr. Prasun Kumar, chief marketing officer, Justdial, said: "The rise in demand for gold comes on the back of softening prices. Demand in Tier-I cities went up by 28% and in Tier-II by 37%. The significant rise in demand for gold in Tier-II cities has been augmented by increasing disposable income and growing aspiration. Demand for silver has also been growing steadily witnessing a 2.4X growth across the country. We expect this demand to translate into festive cheer for the retailers."

<https://economictimes.indiatimes.com/industry/cons-products/fashion/-/cosmetics/-/jewellery/demand-for-precious-metals-jumps-40-yoy-ahead-of-dhanteras/articleshow/94964534.cms>

India to bring National Tourism Policy to provide sustainable tourism

Aimed at providing a secure, creative, responsive and sustainable tourism sector in the inclusive development journey of the country, India is planning to bring a National Tourism Policy 2022 this year. Union Minister for Tourism G. Kishan Reddy made the announcement on Wednesday while speaking at the day-long National Conference on Tourist Police here in the national capital. "We (India) are planning to bring a National Tourism Policy 2022 in front of the country and the world. As there is no any proper and concrete National Tourism Policy in India so far, we will bring concrete and comprehensive National Tourism Policy this year under the leadership of Prime Minister Narendra Modi," Reddy said.

https://www.business-standard.com/article/economy-policy/india-to-bring-national-tourism-policy-to-provide-sustainable-tourism-122101900594_1.html

India will become world's defence manufacturing hub in next 25 yrs: Rajnath

Defence Minister Rajnath Singh on Wednesday said that the DefExpo 2022 reflects India's strong resolve to safeguard the nation and said that the country would become a defence manufacturing hub for the world in the next 25 years. Prime Minister Narendra Modi inaugurated 'DefExpo 2022' at Mahatma Mandir Convention and Exhibition Centre in Gandhinagar today. With an aim to give impetus to the defence sector, India's "biggest ever" defence exhibition - DefExpo 2022 is being held in Gandhinagar, Gujarat. Addressing the inaugural event,

the Defence Minister said that Path to Pride is not just a theme of this Expo, but a new objective of New India. "In line with PM Modi's vision to make India a strong, self-reliant nation, the theme of this Expo is 'Path to Pride'. Path to Pride is not just a theme of this Expo, but a new objective of New India," said Singh.

https://www.business-standard.com/article/economy-policy/india-will-become-world-s-defence-manufacturing-hub-in-next-25-yrs-rajnath-122101900451_1.html

MSME Ministry and IIT Kanpur give grants to seven micro enterprises under MSME Design Innovative Scheme

The Ministry of Micro, Small and Medium Enterprises (MSMEs) joins hands with Indian Institute of Technology (IIT) Kanpur's technology based incubator, Startup Incubation and Innovation Centre (SIIC) to facilitate the MSME Design Innovative Scheme, as per a report by The Economic Times. The partnership will leverage design expertise and the design fraternity to improve India's manufacturing sector.

Under this arrangement, selected small companies would be given grant-in-aid for developing prototypes. The MSME Ministry's Design Innovative scheme offers grants to the final year Undergraduate and Postgraduate students engaged in design development and MSMEs working in the design domain. These funds are awarded for one year for the development of select prototypes.

<https://www.financialexpress.com/industry/sme/msme-eodb-msme-ministry-and-iit-kanpur-give-grants-to-seven-micro-enterprises-under-msme-design-innovative-scheme/2721687/>

Agriculture

Assam, India largest tea producer, working on a tea policy

India largest tea producer Assam is working on a tea policy. Assam's ministry for commerce and industry have started taking suggestions and views from stakeholders. A meeting under the chairmanship of Minister of Industries and commerce Bimal Borah was held in Guwahati on Wednesday. The meeting was also attended by the representatives of various Associations. The minister stressed that the Assam government is determined to work on the improvement of the condition on tea estates in the state. The ministry also presented the draft proposal of Tea policy which has components such as replacements of old plants and machinery, financial assistance for opening tea boutiques, new blending and packaging industries, participating in trade fairs national and international, Quality Certification for ISO/HACCP, Organic Tea Certification of the factory, export support for sending tea directly from Assam to overseas country etc.

<https://economictimes.indiatimes.com/news/economy/agriculture/assam-india-largest-tea-producer-working-on-a-tea-policy/articleshow/94970787.cms>

Modi govt's 'one nation, one fertiliser plan' to badly squeeze margins: Crisil report

The new fertilizer policy is going to adversely squeeze the margins of the manufacturers, warns a report. The government announced the 'one nation, one fertiliser' scheme recently, under which all subsidised fertilisers will now be sold under the 'Bharat' brand across the country. With this, the government intends to reduce the criss-cross movement of fertilisers (urea, di-ammonium phosphate, and potash have fixed nutrient content as specified under the fertiliser control order and which does not change with brands) that will eventually help reduce freight subsidy bills and improve the availability. While the policy will have allround impact, including on farmers, distributors, manufacturers and the government itself, the maximum impact will be on the margins of the manufacturers, Crisil said in a note on Wednesday.

<https://www.financialexpress.com/economy/modi-govts-one-nation-one-fertiliser-plan-to-badly-squeeze-margins-crisil-report/2721647/>

Infrastructure

Tender for construction of modern steel silos under DBFOO mode to open on October 31

The tenders for construction of modern steel silos by Food Corporation of India (FCI) in partnership with private players under the DBFOO (Design, Build, Finance, Own and Operate) mode will open on October 31, the food ministry said. State-owned FCI plans to construct steel silos with a capacity of 111.12 lakh tonnes at 249 locations spread across 12 states under the public private partnership (PPP) mode with an investment of Rs 9,236 crore in the next 3-4 years under Hub and Spoke model in three phases. The proposed silos would be built in two modes: DBFOO and

DBFOT (Design, Build, Finance, Operate and Transfer), wherein the private entities are responsible for construction and operation of the modern silos for a pre-defined period. Land is provided by FCI under the DBFOT mode, while in case of DBFOO, the land is to be acquired by the private entities.

<https://economictimes.indiatimes.com/news/economy/infrastructure/tender-for-construction-of-modern-steel-silos-under-dbfoo-mode-to-open-on-october-31/articleshow/94968429.cms>

Tier-II cities emerging as growth frontier in office and retail sector: Report

With corporates opening large offices in smaller cities to bring employees working from hometown to office, retailers have also sensed the opportunity by moving to these cities. Brands like Wooden Street, Birkenstock, Biba, Uniqlo, Tim Hortons, Aditya Birla Fashion's Tasva, have opened store in tier 2 cities in the last one year and many others have also planned expansion. According to an analysis by CBRE, Chandigarh, Jaipur, Ahmedabad, Kochi, Thiruvananthapuram, Lucknow, Indore, Bhubaneswar, Vishakhapatnam, and Coimbatore will be new growth cities in India in the coming years both in retail consumption and office space leasing.

<https://economictimes.indiatimes.com/industry/services/property/-/construction/tier-ii-cities-emerging-as-growth-frontier-in-office-and-retail-sector-report/articleshow/94958204.cms>

Global financial crisis not to hit India's logistics sector: TVS SCS

India's logistics sector may be unaffected by the current global financial meltdown, driven by a rise in domestic consumption and growth in end-user industries, while it will also open up opportunities for the country to become a global manufacturing hub, K Sukumar, India chief executive officer of IPO-bound TVS Supply Chain Solutions (TVS SCS) has said. TVS SCS, part of the Rs 15,000 crore TVS Mobility Group and one of the largest companies in the TVS fold, is looking to raise about Rs 2,000 crore through its initial public offering (IPO). This will be the first TVS family member-promoted company to go for an IPO after TVS Electronics 1994. Sukumar said the emerging global trends present an 'unprecedented opportunity' for India to create world-class infrastructure for companies planning to set up operations here and emerge as a 'global manufacturing hub'. "Policies like Make in India, PLI (production-linked incentive), Gati Shakti and the development of industrial corridors will enable this goal," he said.

https://www.business-standard.com/article/companies/global-financial-crisis-not-to-hit-india-s-logistics-sector-tvs-scs-122101900880_1.html

India's domestic passenger volume rose 65% to 10 mn in September: DGCA

Domestic air passenger volume grew 64.61 per cent to 10.35 million in September over the same period last year, according to a data released by aviation safety regulator Directorate General of Civil Aviation (DGCA) on Wednesday. Indian domestic carriers (excluding newly launched Akasa Air) had flown a total of 7.66 million passengers on the local routes a year ago, the data showed. Akasa Air commenced its flight services on domestic routes from August 7 this year. The average passenger load factor of these carriers stood at 77.5 per cent against 72.5 per cent PLF delivered in August 2022, the DGCA data show. In terms of market share, leading carrier IndiGo cornered 57 per cent of the total domestic traffic pie, carrying 59.72 lakh passengers across its domestic network followed by full service carrier Vistara, which flew 9.96 lakh passengers with 9.6 per cent market share.

https://www.business-standard.com/article/current-affairs/india-s-domestic-passenger-volume-rose-65-to-10-mn-in-september-dgca-122101900515_1.html

Telecom

Draft telecom Bill not final, Trai issues being addressed, says Ashwini Vaishnaw

The Department of Telecommunications (DoT) is addressing the concerns of the Telecom Regulatory Authority of India (Trai) over a possible dilution of its powers under some provisions of the draft telecom bill, said communications minister Ashwini Vaishnaw. He underlined that it's only a draft legislation at this stage and changes can be made. Speaking to ET, the minister allayed the concerns of companies that offer over-the-top (OTT) communication services such as WhatsApp, Signal and Telegram, saying the government will only introduce light-touch regulations, keeping consumer interest, security and issues of cyber fraud in mind.

<https://economictimes.indiatimes.com/news/india/draft-telecom-bill-not-final-trai-issues-being-addressed-says-ashwini-vaishnaw/articleshow/94974736.cms>

India slips to 79th position globally in median fixed broadband speed, mobile speed ranking also down: Report

While the 5G services have become a reality in India with top telcos extending their support to enable the service to each city in the coming years, and mobile manufacturers supporting the move with pushing updates to the phone. Despite all of this, India's ranking has fallen from 117th to 118th in global median mobile speed, and 78 to 79 in overall median fixed broadband speeds, in September, as per Ookla Speedtest Global Index. It reports that India has dipped by 1 spot in Ookla global ranking in both: the median mobile speeds and fixed broadband speeds from 117th to 118th and from 78th to 79th respectively. The ranking has dropped down; however, the median mobile speeds in India have increased from 13.52 Mbps in August and 13.87 Mbps in September, as per the September data. There's a slight increase in the median download speeds in India as well; it saw a slight increase of 48.59 Mbps in September from 48.29 in August. The ranking has dropped down; however, the median mobile speeds in India have increased from 13.52 Mbps in August and 13.87 Mbps in September, as per the September data. There's a slight increase in the median download speeds in India as well; it saw a slight increase of 48.59 Mbps in September from 48.29 in August.

<https://www.financialexpress.com/industry/technology/india-slips-to-79th-position-globally-in-median-fixed-broadband-speed-mobile-speed-ranking-also-down-report/2721043/>

Healthcare

5G will transform healthcare delivery in countries like India: Oracle

As India rolls out 5G in select cities, the role of the technology in delivery optimum healthcare in remote areas cannot be denied and according to Cloud major Oracle, countries like India can benefit the most basically on two fronts: super-fast and real-time delivery of telemedicine and ambulance care especially in remote areas. According to Mike Sicilia, the Executive Vice President at Oracle, nothing is more important than saving people's lives and creating better outcomes for patients and 5G is capable of helping countries like India achieve that. "I think that 5G has the opportunity to open up the telemedicine space in a huge way. The fact is that 5G-capable devices that are connected to the cloud goes beyond just doctor-patient video chats as we saw during the pandemic. 5G can help a healthcare provider access a patient's vital signs and diagnose the ailment faster and in an efficient way," Sicilia told IANS during an interview here.

https://www.business-standard.com/article/economy-policy/5g-will-transform-healthcare-delivery-in-countries-like-india-oracle-122101900606_1.html

External

India's forex buffers sufficient, limited risks to sovereign rating from external pressures: Fitch

India's external buffers are sufficient to cushion risks associated with rapid monetary policy tightening in the US and high global commodity prices, and risk to the sovereign rating from external pressure is limited, Fitch Ratings said on Wednesday. It expects the country's foreign exchange reserves to remain robust and current-account deficit (CAD) to be contained at a sustainable level and reach 3.4 per cent of GDP this fiscal year, up from 1.2 per cent in last financial year. "India's external buffers appear sufficient to cushion risks associated with rapid monetary policy tightening in the US and high global commodity prices," Fitch Ratings said, adding risk to India's sovereign rating from external pressures is limited. It said public finances remain the key driver of the rating and India is relatively insulated from global volatility due to the sovereign's limited reliance on external financing.

<https://www.financialexpress.com/economy/indias-forex-buffers-sufficient-limited-risks-to-sovereign-rating-from-external-pressures-fitch/2721310/>

India to examine Russia oil price cap as refiners line up Dec crude buys

India said on Wednesday it will examine a proposal by Western nations to impose a price cap on Russian oil purchases, even as some local refiners have lined up Russian cargoes for delivery post Dec. 5, when the cap is set to take effect. The Group of Seven richest economies (G7) has been trying to enforce a price-capping mechanism on Russian oil exports by Dec 5, when European Union sanctions banning seaborne imports of Russian crude come into force. "I think there is an exemption for Japan for Sakhalin, then there is crude which comes through the pipeline, so they have exemptions...we will have to look at it," said India's oil minister, Hardeep Singh Puri, when asked if India

will follow the planned price cap for Russian oil. India has emerged as Russia's second biggest oil client after China as some western entities shunned purchases from Moscow following its late February invasion of Ukraine.

https://www.business-standard.com/article/economy-policy/india-to-examine-russia-oil-price-cap-as-refiners-line-up-dec-crude-buys-122101900922_1.html

India-UK FTA: Internal consultations gain momentum even as Diwali deadline set to be missed

The India-UK Free Trade Agreement (FTA) is clearly set to miss the ambitious Diwali deadline but the Commerce Department has stepped up internal consultations for greater clarity on where things stand in tricky areas, such as duty cuts for automobiles and wines, e-commerce, government procurement, visas and new areas such as labour, environment and gender. The preparations are on, despite the politically charged situation in London — where UK Prime Minister Liz Truss is fighting calls for her resignation — as there is no conceivable threat to the Indo-UK trade talks which has wide-based support, sources told businessline.

<https://www.thehindubusinessline.com/economy/india-uk-fta-internal-consultations-gain-momentum-even-as-diwali-deadline-set-to-be-missed/article66031566.ece>