



October 26, 2022 – Wednesday

## Economy

### Formal job creation dips in August after four bright months

Formal job creation in India slowed in August after remaining buoyant for the previous four months, as per enrolments with the Employees' Provident Fund Organisation, Employees' State Insurance Corporation and for the National Pension Scheme. Net new EPFO subscriber addition fell 7.1% to 1.69 million in August from 1.82 million in July, according to provisional payroll data from the National Statistical Office (NSO) under the statistics and programme implementation ministry, released on Tuesday. It was 1.83 million in June, 1.68 million in May and 1.53 million in April.

<https://economictimes.indiatimes.com/jobs/formal-job-creation-dips-in-august-after-four-bright-months/articleshow/95086171.cms>

## Banking and Finance

### Credit offtake stays in the double-digit growth curve

Credit offtake accelerated at 17.9 per cent y-o-y, reaching a decadal high, reporting robust growth for the fortnight that ended October 07, 2022, says a report of CareEdge. It saw a massive 1,100 bps increase for the fortnight that ended October 07, 2022, due to a low base, retail credit, higher demand for working capital requirements amidst high inflation, and low funds raised in the capital market. This also increased by 1.8 per cent from the immediate fortnight ended September 23, 2022. In absolute terms, credit outstanding stood at ₹128.6 lakh crore as of October 07, 2022, rising by ₹19.6 lakh crore over the last 12 months. The growth has been on an upward movement with retail and wholesale contributing to the same. Retail credit growth has been strong due to underlying demand, as credit outstanding saw a robust growth at 19.5 per cent y-o-y in August 2022 driven by the miniaturisation of credit, housing, and vehicle loans. Driven by ECLGS, MSME growth too has remained strong. Corporate loans indicate a shift from the capital market to bank borrowings as hardening bond yields have prompted companies to optimise their borrowing costs.

<https://www.thehindubusinessline.com/money-and-banking/credit-offtake-stays-in-the-double-digit-growth-curve/article66052450.ece>

### Banks to find it tougher to use regulatory arbitrage

High-street banks will soon find it a lot tougher to take advantage of differences in laws and rules to make money from businesses they cannot do directly—a practice, known as 'regulatory arbitrage', that bankers have honed over the years. In the course of audits and inspections for FY22, officials of the RBI have questioned several private banks on the use of their non-bank arms to fund promoters, finance land purchase, lend against stocks, and give loans without end-use specification—transactions they could not have carried out on the banks' books, thanks to stern dos and don'ts in banking regulations.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/banks-to-find-it-tougher-to-use-regulatory-arbitrage/articleshow/95086513.cms>

### 'Upper layer' NBFCs seek RBI counsel on simplifying ownership form for bank upgrade

Nearly a month after the Reserve Bank of India (RBI) put out the list of non-banking finance companies to be classified in the upper layer under the scale-based regulations, some of the large NBFCs led by conglomerates have reached out to the regulator seeking clarity on what they should do to simplify their ownership structures. Some of the non-banks which had shown interest in the past to secure a bank license are said to have approached the regulator. Names doing the rounds are Cholamandalam Financial Holdings, Shriram Group, Mahindra and Mahindra Financial Services and Bajaj Finserv. "We would not like to comment on speculation. We have always maintained that we will closely look at it when the opportunity arises," said the company spokesperson of M&M Finance. E-mails sent to other companies remained unanswered till press time.

<https://www.thehindubusinessline.com/money-and-banking/conglomerate-led-nbfc-reach-out-to-rbi-on-bank-conversion/article66053259.ece>

#### **Credit cards-in-force fall for 2nd straight month as issuers shut inactive cards**

Outstanding credit cards, or credit cards-in-force, fell for the second straight month in September as issuers shut inactive cards to comply with the Reserve Bank of India's guidelines. Cards-in-force fell 0.4 per cent, or by 2.9 lakh, on month to 7.8 crore as of September 30, on a net basis. However, several issuers saw a much steeper fall of up to 8-9 per cent, with foreign banks and large private banks facing much of the brunt of the regulatory norm. The central bank has asked issuers to deactivate credit cards--unused for over one year -- with effect from July 1. Further, issuers are required to close cards that have not been activated for 30 days since issuance from October 1. On a gross basis, cards for issuers that saw a decline, were lower by 2.4 per cent or by 11.0 lakh. This was largely off-set by an increase of 2.6 per cent in outstanding cards of issuers that saw a rise by 8.1 lakh cards.

<https://www.thehindubusinessline.com/money-and-banking/credit-cards-in-force-fall-for-2nd-straight-month-as-issuers-shut-inactive-cards/article66053606.ece>

#### **Lower refinance rates in the works for Regional Rural Banks**

The government is looking at lowering the refinance rates for regional rural banks, or RRBs, as these rates have increased by 200 basis points, or two percentage points, in the last two years, people aware of the development said. A suggestion in this regard was made by banks to finance ministry officials during a course of discussion on measures needed to further strengthen the regional lenders last month, they said. The existing rate of refinance for RRBs is 6.6%. This, industry insiders said, was impacting RRBs' capacity to lend.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/lower-refinance-rates-in-the-works-for-regional-rural-banks/articleshow/95086206.cms>

#### **Small finance banks playing progressive role in giving credit to small businesses: RBI Deputy Governor Rao**

India's small finance banks (SFBs), envisaged to further financial inclusion by the provision of savings vehicles and increase the supply of credit to small businesses and small and marginal farmers, are playing a progressive role in providing credit to them, said M. Rajeshwar Rao, Deputy Governor, Reserve Bank of India (RBI). The idea to set up SFBs and payment banks had come up from the "concept of 'differentiated banking' in India on the basis of horizontal and vertical differentiation involving the formation of separate stylised banks on the basis of regional or sectoral scope and activities." "The growth of aggregate deposits and credit of SFBs have been significant since March 2018. In the quarter ended March 2022, the deposits grew by 37.3 per cent on year-on-year (YoY) basis while growth in the credit portfolio was 25.6 per cent, as against the growth rate of deposits and credit of scheduled commercial banks at 10.2 per cent and 10.8 per cent respectively," he added.

<https://www.financialexpress.com/industry/sme/msme-fin-small-finance-banks-playing-progressive-role-in-giving-credit-to-small-businesses-rbi-deputy-governor-rao/2737044/>

#### **Insurance regulator Irdai proposes changes to reinsurance regulations**

The insurance regulator has released an exposure draft seeking amendments to reinsurance regulations. In the draft, the Insurance Regulatory and Development Authority of India (Irdai) has sought to revise the order of preference while placing reinsurance business, among other things, which could prove to be undesirable for state-owned General Insurance Corporation (GIC Re). "The objective of these regulations is to harmonise the provisions of various regulations applicable to insurers and reinsurers, including foreign reinsurance branches (FRBs), and Lloyd's to enhance ease of doing business by amending the regulations," Irdai said in a circular.

[https://www.business-standard.com/article/finance/reinsurance-biz-irdai-proposes-to-revise-order-of-preference-for-insurers-122102500853\\_1.html](https://www.business-standard.com/article/finance/reinsurance-biz-irdai-proposes-to-revise-order-of-preference-for-insurers-122102500853_1.html)

## Industry

### **Income tax portal's updation earlier this fiscal won't impact benefits availed by Udyam MSMEs: Govt**

The MSME Ministry has clarified that there won't be any change in benefits availed by enterprises registered on the Udyam portal and classified as per the MSME definition between April 1 and June 7, 2022. The clarification was made because the income tax department's portal, from where the Udyam portal fetches data for MSME classification, was under updation during the said period. "If MSMEs who registered during 01-04-2022 to 07-06-2022 have availed of any benefit based on the classification done during that period, the benefits availed of will stand," the clarification available on the ministry's Udyam portal read.

<https://www.financialexpress.com/industry/sme/msme-eodb-income-tax-portals-updation-earlier-this-fiscal-wont-impact-benefits-availed-by-udyam-msmes-govt/2741762/>

### **Premium pack sales growing amid inflation**

Premium packaged consumer goods are growing faster than mass-priced or entry-level products, as the mass segment continues to be impacted by inflation, executives from Hindustan Unilever, Tata Consumer, ITC, Colgate and Nestle said in their latest quarterly earnings statements and analyst calls. This is leading to an accelerating focus on higher-priced packs at both physical and digital-only retail channels, and some vacating entry-level packs, they said. "Urban is growing at a much faster pace, and premium products are going much faster than popular or mass products. Logically, consumers, who have more disposable income, are more resistant to inflation," Sanjiv Mehta, managing director at HUL, which makes Dove soap and Kwality Wall's ice-cream, told ET last week. That's the reason HUL's premium portfolio is growing at a much faster pace, and that over one-third of the company's range is now premium, he said.

<https://economictimes.indiatimes.com/industry/cons-products/fmcg/premium-pack-sales-growing-amid-inflation/articleshow/95086398.cms>

### **Premium, mid-end products see more traction, lift sales numbers**

Consumer durables and FMCG items have had a good time this festive season amid India's inflation woes, news agency PTI reported quoting industry body Consumer Electronics and Appliances Manufacturers Association (CEAMA). Sales of premium and mid-end products have particularly done well, data showed. Sales this year are seeing logging volume growth of 20 per cent and value growth of over 30 per cent, CEAMA said. According to CEAMA President Eric Braganza, "Overall mid and premium product sales have done well this festive season. The mid and premium segment has witnessed around 30 per cent volume growth at least and value growth between 40 to 50 per cent this festive season. The last three days were great for mid and premium products."

<https://economictimes.indiatimes.com/industry/cons-products/fmcg/festive-season-trend-premium-mid-end-products-see-more-traction-lift-sales-numbers/articleshow/95081836.cms>

### **Era of mega brands is behind us, D2C brands do have certain advantages over large companies - ICICI Securities report**

The era of mega brands is behind us and large companies will have to do a lot more hustle and have a portfolio of multiple mid-sized brands and a disruptive approach on some of the emerging trends, said a report by ICICI securities. D2C or direct to consumer brands are better placed over large companies in select areas, not just restricted to the speed of execution. "With some of the underlying shifts in the environment, it's getting a 'level-playing' field where large companies will have limited competitive advantages. Better consumer-level data and targeted marketing capabilities place consumer companies at an advantage to the larger players," said the report.

<https://economictimes.indiatimes.com/industry/cons-products/fmcg/era-of-mega-brands-is-behind-us-d2c-brands-do-have-certain-advantages-over-large-companies-icici-securities-report/articleshow/95090418.cms>

### **Dhanteras jewellery sales up over 10% on sparkling rural demand**

Gold jewellery sales sparkled in rural areas but were slack in urban areas during Dhanteras this year. As a result, the growth in sales this year is estimated about 10 per cent, the bullion industry says. This year's sales were helped by

the auspicious event, when people valuables such as gold, being spread over two days - Saturday and Sunday. Sales were better than last year, though it is too early to talk of the rise in percentage now, said a Mumbai-based jeweller. "Over the next 2-3 days, the picture will be clear," he said. Somasundaram PR, Regional CEO, India at World Gold Council, said the seasonal spike at this time of the year rested more on a large number of weddings and post-harvest sentiment which was positive following a good monsoon.

<https://www.thehindubusinessline.com/news/good-jewellery-sales-see-low-double-digit-growth/article66052886.ece>

#### **IT deals becoming smaller amid rising digital projects, says new report**

The deals between IT services companies and their clients are increasingly becoming shorter and smaller. According to a report in the *Financial Express (FE)*, the number of such deals, on the other hand, has gone up. "Some customers want to introduce a big digital programme, so they break it into smaller programmes and then take it step by step. So, we see a higher percentage of smaller deals in the overall pipeline," C Vijayakumar, chief executive officer and managing director, HCLTech, told *FE*. "Some customers want to introduce a big digital programme, so they break it into smaller programmes and then take it step by step. So, we see a higher percentage of smaller deals in the overall pipeline," C Vijayakumar, chief executive officer and managing director, HCLTech, told *FE*.

[https://www.business-standard.com/article/companies/it-deals-becoming-smaller-amid-rising-digital-projects-says-new-report-122102500359\\_1.html](https://www.business-standard.com/article/companies/it-deals-becoming-smaller-amid-rising-digital-projects-says-new-report-122102500359_1.html)

#### **High processing fees make BNPL difficult for small businesses: Report**

Even as the alternative payment mechanism Buy Now Pay Later (BNPL) helps merchants widen their customer base, the associated higher processing fees than those of credit and debit card issuers is one of its weaknesses, making it slightly more difficult for smaller businesses to adopt it, said market research firm Juniper Research in a whitepaper on BNPL on Tuesday. The most common way BNPL platforms make a profit is by charging their partner merchants a percentage of the consumers purchase price, as well as a flat rate per transaction. Moreover, similar to merchant fees for the acceptance of credit and debit cards, BNPL firms also charge merchants a fee for accepting their payment option. The merchant and BNPL vendor agree upon an associate fee between 2 per cent and 8 per cent of the sale price at the point of sale (POS). "BNPL offerings are more expensive for merchants, than credit cards, as there are higher processing fees associated. This makes it slightly more difficult for smaller businesses as, normally, profit margins make absorbing high fees less feasible," the whitepaper read.

<https://www.financialexpress.com/industry/sme/msme-fin-high-processing-fees-making-bnpl-difficult-for-small-businesses-report/2736420/>

### **Agriculture**

#### **Rice 5% expensive on fears of cyclone Sitrang hitting Bengal crop**

The price of rice has risen by about 5% in the last five days over fears that cyclone Sitrang could damage the crop in West Bengal, the largest producer of the grain where harvesting is underway. However, the prices are expected to soften by 10% within the next fortnight, when the new crop starts arriving from Uttar Pradesh, Bihar, Jharkhand, West Bengal and Maharashtra, according to experts.

<https://economictimes.indiatimes.com/news/economy/agriculture/rice-5-expensive-on-fears-of-cyclone-sitrang-hitting-bengal-crop/articleshow/95086448.cms>

#### **Wheat procurement fell in Rabi season due to geopolitical situation: Govt**

Wheat procurement as well as its minimum support price (MSP) to farmers and also number of farmers benefiting from minimum price fell in 2022-23 Rabi marketing season due to prevailing geopolitical tensions. According to official sources, wheat procurement in the current season of 2022-23 fell by 56.64 per cent compared to 2021-22 season. In 2022-23 Rabi season, wheat procurement was only 187.92 lakh metric tonnes (LMT) down by 56.64 per cent from 433.44 LMT procured in 2021-22. Similarly, in the current Rabi season of 2022-23, Rs 37,865 crore worth MSP was given to farmers, which was 55.76 per cent less than Rs 85,604 crore worth MSP which was given in 2021-22. Resultantly, due to reduced procurement, the number of farmers who benefitted from it, also came down during the current Rabi season. While in 2021-22, 49.20 lakh farmers benefited from higher wheat procurement, in 2022-23 only 17.83 farmers could benefit through procurement.

[https://www.business-standard.com/article/economy-policy/wheat-procurement-fell-in-rabi-season-due-to-geopolitical-situation-govt-122102500609\\_1.html](https://www.business-standard.com/article/economy-policy/wheat-procurement-fell-in-rabi-season-due-to-geopolitical-situation-govt-122102500609_1.html)

### **Centre to use technology for crop insurance scheme from 2023 to make timely settlement**

The Agriculture Ministry has set up two committees — one for nationwide implementation of technology-based crop yield estimation and the other for standardisation and improvement of weather data infrastructure. The move will reduce the delay in crop loss/damage estimation and ensure timely settlement of claims by farmers, officials said. In two separate notifications, issued on October 21, the Ministry said panels will be headed by the director of Mahalanobis National Crop Forecast Centre (MNCFC). Apart from experts drawn from different departments and agencies of the Centre, the committees will have representation from Maharashtra, Odisha, Andhra Pradesh and Rajasthan governments.

<https://www.thehindubusinessline.com/economy/agri-business/centre-to-use-technology-for-crop-insurance-scheme-from-2023-to-make-timely-settlement/article66053203.ece>

## **Energy**

### **One in ten petrol pumps now offers EV charging, CNG**

More than 8,000 petrol pumps, or one in every ten pumps across the country, now offer facilities to charge an EV or refuel a compressed natural gas (CNG) vehicle in a boost to customers who own or plan to buy the less polluting vehicles. India has about 84,600 fuel retail outlets, of which 8,900 offer alternative fuels such as CNG, auto LPG or EV charging facilities, according to the oil ministry data. EV charging facility is available at 4,100 pumps, CNG at 4,000 pumps and auto LPG at 700. The private sector, which controls a tenth of the country's fuel stations, offers alternative fuelling options at less than 200 pumps.

<https://economictimes.indiatimes.com/industry/renewables/one-in-ten-petrol-pumps-now-offers-ev-charging-cng/articleshow/95086196.cms>

## **States**

### **Despite rise in budgetary support, NE lags in job creation: Official**

Despite the central government more than doubling budgetary support in the last eight years, the northeast region has lagged behind in economic output and job creation, an NEC official said here on Tuesday. Lakhs of youth from the region are going to other parts of the country for jobs, which implies that "something is amiss in terms of economic development", North Eastern Council Secretary K Moses Chalai said. In 2013-14, the total 10 per cent GBS (gross budgetary support) was around Rs 34,000 crore. This financial year, it has reached Rs 76,000 crore. "Despite this, the production and distribution of goods and services are not happening enough and there are not enough jobs, Chalai said, while speaking at a function at the North Eastern Hill University here.

[https://www.business-standard.com/article/current-affairs/despite-rise-in-budgetary-support-ne-lags-in-job-creation-official-122102500819\\_1.html](https://www.business-standard.com/article/current-affairs/despite-rise-in-budgetary-support-ne-lags-in-job-creation-official-122102500819_1.html)

## **Healthcare**

### **CAG set to conduct comprehensive audit of country's health sector**

The Comptroller and Auditor General of India (CAG) is in the process of conducting a comprehensive audit of the country's health sector, and is adopting an approach that is different from earlier exercises done by the CAG, that had a more piecemeal-like approach. "Earlier, we were auditing on the basis of some research, some state specific issues and so on. This time we are doing it comprehensively. This means that this time we will audit it (the health sector) on common parameters, common objectives, and common risk analyses so that the entire country's picture is accounted for," a senior official told *Business Standard*. Earlier, state level auditors general (AGs) would choose a subject such as health management, procurement or vacancies, and so on, and audit particular aspects of that theme.

[https://www.business-standard.com/article/economy-policy/cag-set-to-conduct-comprehensive-audit-of-country-s-health-sector-122102500492\\_1.html](https://www.business-standard.com/article/economy-policy/cag-set-to-conduct-comprehensive-audit-of-country-s-health-sector-122102500492_1.html)

## External

### India to export green energy to Singapore from 2025

India will for the first-time export green energy from 2025, with the first shipments going to a Singapore power plant under an MoU signed by an India-based dispatchable renewables company and Singapore's energy business on Tuesday. The MoU to explore opportunities in green hydrogen potential in India will see Greenko group and Singapore's Keppel Infrastructure working towards a 250,000 tonnes per annum contract to be supplied to Keppel's new 600Mw power plant in Singapore. Further, the contract for the export of green ammonia would also expand to cover bunker fuel through the Keppel network in Singapore's network of bunker fuel supplies to ships, said Mahesh Kolli, President and Joint Managing Director of Greenko Group.

<https://www.thehindubusinessline.com/economy/india-to-export-green-energy-to-singapore-from-2025/article66052749.ece>