



June 13, 2023 – Tuesday

Economy

India's industrial production up 4.2% in April from 1.1% in March

The index of industrial production in India rose 4.2 per cent on an annual basis in the month of April from 1.1 per cent in March and 6.7 per cent in April 2022. India's industrial production growth slipped to a five-month low of 1.1 per cent in March. The previous lowest level of growth was recorded in October 2022 at a contraction of 4.1 per cent. As per the IIP data released by the National Statistical Office (NSO), the manufacturing sector's output grew 4.9 per cent in April 2023 as against 5.6 per cent a year ago. Power generation declined by 1.1 per cent in April 2023 against a growth of 11.8 per cent. Mining output rose by 5.1 per cent during the month under review compared to a growth of 8.4 per cent in the year-ago period.

<https://economictimes.indiatimes.com/news/economy/indicators/indias-industrial-production-up-4-2-in-april-from-1-1-in-march/articleshow/100940245.cms>

Retail inflation dips to over 2-year low of 4.25% in May

Retail inflation declined to a 25-month low of 4.25 per cent in May mainly on account of softening prices of food and fuel items. Inflation based on the Consumer Price Index (CPI) stood at 4.7 per cent in April and 7.04 per cent in May 2022. This is the fourth straight month when retail inflation has declined and the third month in a row that Consumer Price Index (CPI) based inflation remained within the RBI's comfort zone of below 6 per cent. At 4.25 per cent, retail inflation is the lowest since April 2021 when it was 4.23 per cent.

<https://www.thehindubusinessline.com/economy/retail-inflation-dips-to-over-2-year-low-of-425-in-may/article66960816.ece>

India's GDP reaches \$3.75 trillion-mark in 2023, says Finance Ministry

India's gross domestic product (GDP) reached the \$3.75 trillion-mark in 2023, from around \$2 trillion in 2014, Finance Minister Nirmala Sitharaman's office said in a tweet on Monday. India has moved from tenth to the fifth-largest economy in the world, the tweet added. Highlighting the nine years of reforms under the Narendra Modi-led government, Sitharaman's office also said: "India is now being called a bright spot in the global economy." Four countries ahead of India in terms of GDP at current prices include China, United States, Germany, and Japan. India has surpassed the United Kingdom, France, Canada, Russia, and Australia in GDP numbers.

https://www.business-standard.com/economy/news/india-s-gdp-reaches-3-75-trillion-mark-in-2023-says-finance-ministry-123061200945_1.html

Skymet predicts weak monsoon in India over next four weeks

Private weather agency Skymet has predicted a weak monsoon in India over the next four days. The southwest monsoon reached Kerala on June 8, a week after the usual date of June 1 and is currently passing through Maharashtra. "Extended Range Prediction System (ERPS) is projecting a dismal outlook for the next four weeks, until July 6. Agriculture heartland is looking rather cracked and parched. This coincides with the crucial time of sowing or at least preparing the field, with the hope of impending rains," Private forecasting agency Skymet Weather predicted.

The central and western parts of India, which form the core monsoon zone, may face challenges in coping with the drying effects due to inadequate rainfall early in the season, Skymet Weather said.

<https://economictimes.indiatimes.com/news/india/skymet-predicts-weak-monsoon-in-india-over-next-four-weeks/articleshow/100950521.cms>

Draft Digital India Act will regulate emerging technologies to protect citizens: Rajeev Chandrasekhar

Draft Digital India Act will harmonise laws, regulate emerging technologies such as Artificial Intelligence (AI) and incorporate industry input on blockchain and Web 3.0 regulations to protect digital citizens, said Rajeev Chandrasekhar, Minister of State for Electronics and Information Technology and Skill Development and Entrepreneurship, on Monday. He said Digital Public Infrastructure (DPI) such as Aadhaar, CoWIN, and Unified Payments Interface (UPI) has been the key to unlocking innovation and solving the accessibility challenge for many Indian citizens and private players. "India is actively working on multiple policies to further the country's vision for a Global Standard Cyber Law Framework, alongside its efforts to enable programs. This framework includes key legislations such as the Digital Personal Data Protection Bill, which focuses on respecting individuals' rights while processing digital personal data. Other key legislations such as the National Data Governance Framework Policy aims to safely share non-personal and anonymised data for research and innovation, ensuring privacy and security," said Chandrasekhar at the DPI Global Summit in Pune.

<https://www.thehindubusinessline.com/info-tech/draft-digital-india-act-will-regulate-emerging-technologies-to-protect-citizens-rajeev-chandrasekhar/article66960829.ece>

Recruiting sentiment improves for July-September

India's job market is likely to see an uptick in July-September, signalling a positive turnaround after two consecutive quarters of cooling down, a survey of 3,020 employers has revealed. In all, 49% of employers covered in the latest ManpowerGroup Employment Outlook Survey said they would hire more people in the September quarter, while 13% said they expected a fall in hiring intent or had no plans to backfill. About 34% planned to keep workforce levels steady and 4% were unsure of hiring intentions, according to findings of the survey shared exclusively with ET. That puts the net employment outlook - the difference between companies looking to hire and those expecting a fall in headcount or hiring numbers - at 36%. Hiring sentiment has grown stronger by 6 percentage points compared to the June quarter, though still weaker by 15 percentage points compared to the corresponding period last year.

<https://economictimes.indiatimes.com/jobs/fresher/recruiting-sentiment-improves-for-july-september/articleshow/100950472.cms>

Banking and Finance

IBBI plans new voting system for bankruptcies

The Insolvency and Bankruptcy Board of India (IBBI) is proposing a new voting system for bankruptcies allowing multiple votes for each available plan to maximise aggregate recovery and potentially reduce the dominant creditor's influence in the balloting exercise. Since the votes are assigned on the basis of preferences among the plans offered, chances of a liquidation — the last resort in an insolvency — will also likely be minimised.

<https://economictimes.indiatimes.com/news/economy/policy/ibbi-plans-new-voting-system-for-bankruptcies/articleshow/100947295.cms>

Lenders asked to step up vigil on advance payments, LCs for imports

The government has asked banks to step up watch after receiving reports of misuse of advance payments mechanism and letters of credit (LCs) for goods imports. A government official confirmed that the issue was flagged to lenders in May after several instances of prompt payments immediately after the overseas payment accounts were opened.

<https://economictimes.indiatimes.com/news/economy/policy/lenders-asked-to-step-up-vigil-on-advance-payments-lcs-for-imports/articleshow/100946922.cms>

FLDG norms may dampen biz volume in segments with higher 5% limit: CRISIL

The guidelines by the Reserve Bank of India (RBI) on first loss default guarantee (FLDG) in digital lending, tightening the extent and form of FLDG cover, including limiting it to 5 per cent of loan portfolio, may dampen business volume in segments where these are currently higher than the permissible limit, said a CRISIL Ratings report on Monday.

"The RBI has tightened norms on the extent and form of FLDG cover, and recognition of non-performing assets (NPAs) in partnership models. These include limiting FLDG to 5 per cent of the loan portfolio and not allowing corporate guarantees as a form of FLDG. This could dampen business volume in segments where FLDGs are currently higher than the permissible limit," it said.

https://www.business-standard.com/finance/news/fldg-norms-may-dampen-biz-volume-in-segments-with-higher-5-limit-crisil-123061200863_1.html

Digital loan disbursement volumes bounce back after Q3 de-growth: FACE

After de-growing in Q3 FY23, largely due to regulatory changes, the number of digital loan disbursements bounced back in Q4 as the industry adapted to the norms, FACE (Fintech Association for Consumer Empowerment) said in a report. Disbursement volumes de-grew 10 per cent during the third quarter owing to implementation of regulatory changes, shift to different market segments and business models, and increasing ticket sizes. In Q4, disbursement volumes were up 4 per cent.

<https://www.thehindubusinessline.com/money-and-banking/digital-loan-disbursement-volumes-bounce-back-after-q3-de-growth-face/article66961210.ece>

'Nearly Rs 4,500 crore under Pradhan Mantri Jan Vikas Karyakram lying unused'

An amount of about Rs 4,500 crore under the Pradhan Mantri Jan Vikas Karyakram (PMJVK) of the Ministry of Minority Affairs is lying "unused" with the states, officials said on Monday. Till the state governments make use of these funds and submit "utilisation certificates", it is not possible for the Centre to make more funds available to them under the scheme, they said. The officials also said more than 58,000 "units" under infrastructure projects that were part of the PMJVK sanctioned from 2008 to 2018-2019, which the states said were unviable, have been cancelled or dropped after the Ministry of Minority Affairs spoke to the states. The officials said an amount of about Rs 12,000 crore was spent for the welfare of minorities under the UPA rule while in nine years of the Narendra Modi government, an amount of Rs 31,000 crore has been spent for the purpose.

<https://economictimes.indiatimes.com/news/economy/finance/nearly-rs-4500-crore-under-pradhan-mantri-jan-vikas-karyakram-lying-unused/articleshow/100947137.cms>

Centre releases third installment of tax devolution to states

The centre Monday released Rs 1.18 lakh crore as the third instalment of tax devolution to states in June, a finance ministry statement said. The government has released one advance instalment, in addition to the regular instalment due in June 2023, to aid states push up capital spending. It will also help finance their development/welfare-related expenditure and also to make available resources for priority projects/ schemes. "The union government has released 3rd instalment of tax devolution to State Governments amounting to Rs 1,18,280 crore on 12th June 2023, as against normal monthly devolution of Rs 59,140 crore," the ministry said in a statement.

<https://economictimes.indiatimes.com/news/economy/finance/centre-releases-third-installment-of-tax-devolution-to-states/articleshow/100942549.cms>

Industry

Government tells Chinese handset companies to get Indian equity partners

The government has asked Chinese mobile phone manufacturers to induct Indian equity partners in their local operations, said three executives who attended meetings at which the matter was conveyed. The companies have also been asked to appoint Indian executives in key roles such as chief executive officer, chief operating officer, chief financial officer and chief technical officer, said the three people cited above.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/government-tells-chinese-handset-companies-to-get-indian-equity-partners/articleshow/100950387.cms>

Domestic tractor sales stay in the positive growth lane in May

In an indication of steady demand on the back of robust farm sentiments, domestic tractor sales have reported positive growth both year-on-year and sequential basis. Exports exhibited improvements on a sequential basis.

<https://www.thehindubusinessline.com/economy/agri-business/domestic-tractor-sales-stay-in-the-positive-growth-lane-in-may/article66959857.ece>

EVs offer foreign auto companies a second chance in India

India's transition to electric vehicles is giving automakers whose conventional gasoline cars have failed to make a mark a second chance. High taxes, price-conscious consumers and tricky logistical issues have made it tough for many foreign carmakers to thrive in one of Asia's biggest economies. But with the advent of EVs, firms like MG Motor, the local unit of China's SAIC Motor, Renault, Nissan and Volkswagen may finally gain a better foothold. While MG Motor controls a fraction of the local passenger vehicle market, last month it announced plans to grab a share of the country's budding EV space, expecting to derive as much as three-quarters of its sales in India from electric cars by 2028 via the launch of four to five new models.

<https://economictimes.indiatimes.com/industry/renewables/evs-offer-foreign-auto-companies-a-second-chance-in-india/articleshow/100947198.cms>

80% of stakeholders in textile industry have adopted sustainable manufacturing practices: Report

Around 80 per cent of key stakeholders in the Indian textile industry have already adopted some form of sustainable manufacturing practices, according to "Sustainability Survey Report 2023" by The Yarn Bazaar and Wazir Advisors. A media statement said the report showcases the significant momentum building among stakeholders across the textile value chain towards embracing sustainability and addresses key Environmental, Social, and Governance (ESG) factors. The realisation that ramping up production alone is insufficient has led to a collective focus on adopting sustainable practices, aligning with the environmental pillar of ESG.

<https://www.thehindubusinessline.com/markets/commodities/80-of-stakeholders-in-textile-industry-have-adopted-sustainable-manufacturing-practices-report/article66960646.ece>

Sunflower oil prices fall as Ukraine ships stock to India

Fast-moving consumer goods (FMCG) companies such as Adani Wilmar, Gemini Edibles & Fats India and Tirupati Agritrade said prices of sunflower oil have fallen more than 10% below soybean oil prices as Ukraine is pushing a lot of sunflower oils into the Indian market. Ukraine is also offloading a lot of wheat in the global market, they said, adding this may impact wheat prices in India, which have shot up 10-11% in the past two months.

<https://economictimes.indiatimes.com/news/economy/agriculture/sunflower-oil-prices-fall-as-ukraine-ships-stock-to-india/articleshow/100947133.cms>

Agriculture

Centre imposes stock limits on quantity of wheat to cool down prices

For the first time in nearly 15 years, the central government in a sudden move on Monday imposed limits on the quantity of wheat that traders, wholesalers, big-chain retailers, and processors can hold until March 31, 2024. This stock limits clamped on arhar/tur (pigeon pea) and urad (black gram) earlier this month. The stock limits came despite the country expecting a bumper wheat harvest of over 112 million tonnes (mt) in the 2022-23 crop marketing season that will get over later this month (July-June).

https://www.business-standard.com/industry/agriculture/for-first-time-in-15-yrs-govt-imposes-stock-limits-on-wheat-till-mar-2024-123061201031_1.html

Infrastructure

Nitin Gadkari lays foundation stone for 10 NH projects worth over Rs 8,000 crore in UP

Union Minister Nitin Gadkari on Monday laid the foundation stone for 5 NH projects worth Rs 2,200 crore in the Pratapgarh region and 5 NH projects at a valuation of Rs 6,215 crore in the Deoria district of Uttar Pradesh, according to an official statement. Gadkari said that with the widening of 43 km of National Highway 330 from Pratapgarh to Sultanpur being constructed for Rs 1,290 crore, the travel time from Prayagraj to Pratapgarh via Ayodhya will be reduced. According to the statement, the road transport and highways minister said the work of construction of the proposed 14 km bypass in Pratapgarh at a cost of Rs 309 crore will also start soon. He said road safety work will be done on National Highway 31 at Rs 27 crore for street lights and bus shelters, among others.

<https://economictimes.indiatimes.com/news/economy/infrastructure/nitin-gadkari-lays-foundation-stone-for-10-nh-projects-worth-over-rs-8000-crore-in-up/articleshow/100944464.cms>

Govt directs states to provide information on stuck housing projects, aims to resolve issues

The government has started the process of identifying stuck housing projects across the country in its efforts to help troubled homebuyers by ensuring delivery of such projects soon. The union ministry of housing & urban affairs (MoHUA) has directed chief secretaries of all states and Union Territories to provide the requisite information on stalled projects in their respective jurisdictions.

<https://economictimes.indiatimes.com/industry/services/property/-/cstruction/govt-directs-states-to-provide-information-on-stuck-housing-projects-aims-to-resolve-issues/articleshow/100944068.cms>

Energy

Imported coal-based power plants told to run at full capacity till September

The power ministry on Monday mandated imported coal-based power plants to run at full capacity till September 30 to meet the high power demand amidst soaring temperatures across the country. The ministry had in February directed these plants to run optimally from March 16 to June 15 under Section 11 of the Electricity Act. Monday's directive effectively extends this timeline by over three months. Power demand, though earlier projected to peak around 229 GW in April, reached 216 GW in the month, and 221 GW in May, thanks to the turn in weather conditions. However, rising temperatures in the last two weeks have pushed the demand up. On June 9, India recorded the highest ever peak power demand at 223 GW, though still lower than the projected peak.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/metals-mining/india-says-plants-using-imported-coal-to-operate-at-full-capacity-till-september/articleshow/100931855.cms>

OMCs marketing margins expand in Q1 FY24, but likely to moderate in Q2 FY24

The oil marketing companies (OMCs), which took a hit on margins and earnings in FY23 due to volatility in international crude oil prices, have witnessed an up tick in their marketing margins during Q1 FY24. However, OMCs may witness a moderation in marketing margins during the July-September quarter if international crude oil prices spike following the additional production cuts announced by Saudi Arabia and expectations of a cut in retail prices of petrol and diesel due to upcoming assembly election in 2023 and Lok Sabha polls next year.

<https://www.thehindubusinessline.com/economy/omcs-marketing-margins-expand-in-q1-fy24-but-likely-to-moderate-in-q2-fy24/article66960843.ece>

States

ADB, govt sign \$130 mn loan agreement to increase agriculture in Himachal

The government of India and the Asian Development Bank (ADB) on June 8 signed a \$130-million loan agreement to increase agricultural productivity, improve access to irrigation and promote horticulture agribusinesses to raise farmers' income in Himachal Pradesh. The signatories to the Himachal Pradesh Subtropical Horticulture, Irrigation, and Value Addition Project were Rajat Kumar Mishra, additional secretary, Department of Economic Affairs, Ministry of Finance, for the government, and Takeo Konishi, country director of ADB's India Resident Mission, for ADB.

https://www.business-standard.com/india-news/abd-govt-sign-130-mn-loan-agreement-to-increase-agriculture-in-himachal-123061200890_1.html

External

Rupee-kyat trade arrangement negotiations may conclude by Jun-end: Myanmar

Myanmar Commerce Minister, Aung Naing Oo, expressed hope on Monday that negotiations for the Indian rupee – Myanmar kyat payment system for trade settlement would be finalised by the end of June, paving the way for enhanced bilateral trade between the two countries. Speaking at a session organised by EEPC India, the minister said that the Myanmar Central Bank and India's central bank had mutually agreed to the concept paper on the rupee-kyat payment system in principle, the terms of reference and the standard operating procedures (SOP) had been negotiated to be in line with the foreign exchange policies of both countries.

https://www.business-standard.com/economy/news/rupee-kyat-trade-arrangement-negotiations-may-conclude-by-jun-end-myanmar-123061200966_1.html

India-UAE aim to double non-oil trade to \$100 bn by 2030: Piyush Goyal

India and the United Arab Emirates (UAE) have agreed to increase non-petroleum trade from \$48 billion to \$100 billion by 2030, commerce and industry minister Piyush Goyal said on Monday. "We have mutually agreed that let us now become more ambitious and instead of our earlier target of an overall \$100 billion bilateral trade by 2030...we shall now look at non-petroleum bilateral trade of \$100 billion by 2030, which means doubling our non-petroleum trade from \$48 billion today to \$100 billion in the next seven years," Goyal told reporters after the first joint committee meeting of the India-UAE Comprehensive Economic Partnership Agreement (CEPA).

https://www.business-standard.com/economy/news/india-uae-eye-100-billion-non-petroleum-trade-by-2030-piyush-goyal-123061200868_1.html

India to cap sugar exports until H1 2024 as El Nino looms- Govt sources

India is not considering allowing sugar exports until at least the first half of the next season, as the government is worried the El Nino weather pattern could reduce rainfall and dent production, government sources said on Monday. "The weather is a big negative factor. Last year, despite good monsoon rains, sugar production fell. This year, with El Nino, we can't take the risk of allowing exports early," said a senior government official who did not want to be identified in line with official rules.

<https://economictimes.indiatimes.com/news/economy/agriculture/india-to-cap-sugar-exports-until-h1-2024-as-el-nino-looms-govt-sources/articleshow/100935722.cms>

Exim Bank projects merchandise exports to decrease to \$111.7 billion

The Export Import (Exim) Bank India on Monday said the country's merchandise exports are set to fall to USD 111.7 billion for the April-June period amid continuing global volatilities. The country had reported overall merchandise exports at USD 116.7 billion in the year-ago period, as per official data. India's exports could be shadowed by a continued slowdown in select major trade partners including advanced economies, global financial sector stress, high inflationary pressures leading to tighter global monetary and financial conditions, and continued uncertainty around the Russia-Ukraine conflict, the Exim Bank said.

https://www.business-standard.com/economy/news/exim-bank-projects-merchandise-exports-to-decrease-to-111-7-billion-123061201128_1.html

Seafood exporters brave slowdown as shipments fetch 4% higher value in FY23

Buoyed by the four per cent value-wise export growth in FY23, marine product exporters are looking to sustain the show in the current year as well, especially with the opening up of new markets in Russia and the European Union. India fetched export revenue of \$7.76 billion in FY22. The EU has approved 60-odd new units to import shipments from India, while Russia allowed 20 new units, thanks to the efforts by the Commerce Ministry, Export Inspection Agencies etc, says Jagdish Fofandi, National President of Seafood Exporters Association of India. This would open up opportunities for more players from the country to make inroads into these markets.

<https://www.thehindubusinessline.com/economy/agri-business/seafood-exporters-brave-slowdown-as-shipments-fetch-4-higher-value-in-fy23/article66959940.ece>

Smartphones break into top-5 club in exports; value nearly doubled in FY23

Smartphones catapulted into the league of five most exported commodities by value, based on their harmonised system (HS) codes in FY23, up from the ninth rank in the pecking order in FY22. HS is a globally harmonised identification for a specific product used for export and import of the commodity. Those above smartphones include various HS codes of automotive fuels that conform to certain standards (diesel, aviation, and motor gasoline) and diamonds — cut or polished — but not for industrial use.

https://www.business-standard.com/industry/news/smartphone-exports-climb-to-5th-place-among-top-20-commodities-based-on-ihs-123061100147_1.html

India brings G20 spotlight back on real issues of global south: Jaishankar

External Affairs Minister S Jaishankar on Monday said India's G20 presidency succeeded in getting the focus of the grouping back on the issues faced by the global south without diminishing the seriousness of the Russia-Ukraine conflict and its consequences. Addressing a press conference after the G20 Development Ministers' Meeting here,

Jaishankar said the 'G20 Action Plan on Accelerating Progress on the Sustainable Development Goals (SDGs)' and 'G20 High Level Principles on Lifestyles for Sustainable Development' were unanimously approved at the meeting. "Right now our focus is how do you address the pressing needs of the developing countries, the small island developing states, the least developed countries, those who are really teetering on the edge of an abyss," Jaishankar told reporters here.

<https://economictimes.indiatimes.com/news/india/india-brings-g20-spotlight-back-on-real-issues-of-global-south-jaishankar/articleshow/100945540.cms>