



June 14, 2023 – Wednesday

Economy

India to review production incentive scheme this month-end

India will review its production-linked incentive (PLI) scheme at the end of this month to improve utilisation in sectors that are lagging behind, a trade ministry official said on Tuesday. The review will focus on six sectors, including steel and textiles, where the scheme has not been effective, the official, who did not want to be named, told reporters. The official said the review will help in better utilisation of funds over the next 2-3 years. Another official said the government had no plans to include chip manufacturing in the PLI scheme, but that talks were in "reasonably advanced stages" to bring toys, footwear and new-age bikes under the fold.

<https://economictimes.indiatimes.com/news/economy/policy/india-to-review-production-incentive-scheme-this-month-end/articleshow/100970102.cms>

Milk inflation still more than double of headline inflation rate

Despite some moderation, retail inflation in milk is still more than double of headline inflation rate. Almost all the milk products are seeing very high inflation with ghee leading the pack. Though industry insiders say that prices have started coming down and will soften further, they are still anxious about the impact of a late onset of monsoon.

<https://www.thehindubusinessline.com/economy/milk-inflation-still-more-than-double-of-headline-inflation-rate/article66964879.ece>

Banking and Finance

Bank NIMs to compress 10-120 bps in FY24: Rating agencies CRISIL and ICRA

Feeling the effects of rising deposit rates, the Indian banking system's net interest margins (NIMs) are expected to compress by 10-20 basis points (bps) for the current financial year (2023-24, or FY24), according to rating agencies CRISIL and ICRA. NIMs could be about 3.1-3.2 per cent, against 3.2 per cent in 2022-23 (FY23). Even after moderation, they will still be above pre-pandemic levels of 2.7-2.8 per cent.

https://www.business-standard.com/industry/banking/bank-nims-to-compress-10-120-bps-in-fy24-rating-agencies-crisil-and-icra-123061301188_1.html

SEBI introduces framework for direct mutual fund investment platforms

The Securities and Exchange Board of India (Sebi) on Tuesday introduced a regulatory framework for online investment platforms that facilitate investments in commission-free mutual fund (MF) schemes. The regulation brings clarity on obligations of such platforms while opening an avenue to monetise their business. It also addresses investor concerns on associated risks and introduces grievance redressal mechanism.

https://www.business-standard.com/economy/news/sebi-introduces-framework-for-direct-mutual-fund-investment-platforms-123061301039_1.html

Refinancing risk to India Inc with debt in foreign currency, says Moody's

Moody's sees some of its India's large corporates with foreign currency debt facing refinancing risk in calendar year 2024 (CY24). This would be owing to a combination of higher interest risk in the international financial market and a

likely deterioration in their finances. Nearly \$8 billion worth of corporate debt issued by Indian corporates is maturing next calendar year and needs to be refinanced. Majority of these debt securities are in the high-yield and speculative-grade categories that expose them to refinancing risk,” said Vikash Halan, associate managing director Moody’s Investors Service.

https://www.business-standard.com/economy/news/moody-s-see-refinancing-risk-for-lower-rated-indian-corporates-with-debt-123061300939_1.html

Microfinance loan portfolio jumps to nearly Rs 3.5 lakh cr at March-end; portfolio quality improves: Report

The gross loan portfolio (GLP) of microfinance industry increased by 22 per cent to Rs 3.48 lakh crore as of March 31, 2023 from Rs 2.85 lakh crore as of March 31, 2022, said the latest report on Tuesday by MFIN – an association of NBFC-microfinance institutions and associates including banks, small finance banks (SFBs) and NBFCs. Quarter-on-quarter, the GLP grew by 8.6 per cent from Rs 3.20 lakh crore as of the December quarter in the last fiscal, with the growth in volume and value of loans disbursed.

<https://www.financialexpress.com/industry/sme/msme-fin-microfinance-loan-portfolio-jumps-to-nearly-rs-3-5-lakh-cr-at-march-end-portfolio-quality-improves-report/3124122/>

11 States collectively raised ₹22,600 cr at weekly auction

Eleven States on Tuesday collectively raised ₹22,600 crore by issuing State government securities (SGS) in the auction. This is up about 63 per cent from the indicated ₹13,900 crore for this week in the Q1 (April-June) FY24 auction calendar. The weighted average cut-off of the SGS increased 4 basis points to 7.36 per cent from 7.32 per cent in the last auction, despite the decline in weighted average tenor to 12 years from 16 years, ICRA said in a report.

<https://www.thehindubusinessline.com/economy/11-states-collectively-raised-22600-cr-at-weekly-auction/article66965179.ece>

Industry

PLI scheme for mobile production led to 20% value addition, says govt

The production-linked incentive (PLI) scheme for smartphone manufacturing has resulted in local value addition of 20 per cent within a span of two-three years, Rajesh Kumar Singh, secretary in the Department for Promotion of Industry and Internal Trade, said on Tuesday. “Vietnam achieved 18 per cent value addition in over 15 years, and China achieved 49 per cent value addition in 25 years...It is a big achievement,” Singh told reporters. An official statement said the PLI scheme for smartphone manufacturing, along with the Phased Manufacturing Programme, had led to increased value addition in the electronics sector at 23 per cent.

https://www.business-standard.com/industry/news/pli-scheme-for-mobile-production-led-to-20-value-addition-says-govt-123061301263_1.html

Niti Aayog working to integrate MSMEs with supply chains

The government plans to introduce a comprehensive policy for micro, small and medium enterprises (MSMEs) that will provide for easier credit, including collateral free loans and reduced documentation, to help them integrate with the large supply chains. The NITI Aayog, which is working on the plan, has held discussions with industry and states in this regard, said people aware of the matter. The plan includes identification of products in sectors drawing benefits under Production-Linked Incentive (PLI) scheme which could be developed and supplied by local MSMEs through a dedicated vendor development programme.

<https://economictimes.indiatimes.com/news/economy/policy/niti-aayog-working-to-integrate-msmes-with-supply-chains/articleshow/100974062.cms>

Automobile sales register double digit growth in May

Automobile sales grew in healthy double digits last month amid steady supplies and sustained demand for passenger vehicles, three-wheelers and two-wheelers. As many as 334,247 cars, sedans and utility vehicles were dispatched from factories to dealerships in May, an increase of 13.5% from a year earlier and the highest dispatches of passenger vehicles on record for the month of May, according to figures released by the Society of Indian Automobile Manufacturers (SIAM). Sales of three-wheelers rose 70.4% to 48,732 units, while those of two-wheelers grew 17.4%

to 1,471,550 units. “All the segments viz. passenger vehicles, two-wheelers and three-wheelers have posted growth in double digits in May 2023, compared to May 2022,” SIAM president Vinod Aggarwal said. “We anticipate this trend to continue, supported by the prevalent economic environment.”

<https://economictimes.indiatimes.com/industry/auto/auto-news/automobile-sales-register-double-digit-growth-in-may/articleshow/100973540.cms>

Steel Ministry to look into rising Chinese stainless steel imports

The Steel Ministry is looking into the need for imposing countervailing duties (CVD) or import duties on Chinese stainless steel shipments coming to India. And accordingly, the departmental secretary has been asked to prepare a “brief note” and “submit” the same to the Union Steel Minister, Jyotiraditya Scindia. The letter to the Steel Secretary has gone from the Union Minister’s office. The note, through the Minister’s PS, refers to a presentation made by the President of the Indian Stainless Steel Development Association (ISSDA), Rajamani Krishnamurti, asking the bureaucrat to examine the matter.

<https://www.thehindubusinessline.com/economy/steel-ministry-to-look-into-rising-chinese-stainless-steel-imports/article66964528.ece>

Unseasonal rain curtails FMCG demand in May; rural segment grows 2.2%

Demand for fast-moving consumer goods (FMCG) was up marginally in May, compared to the year-ago period, largely aided by the rural market as urban demand shrunk. Also, demand for branded commodity products was strong during the month. Sales of FMCG items, in value terms, were up 1.4 per cent in May compared to the same period last year. In comparison, rural sales growth stood at 2.2 per cent in May compared to last year, according to data by Bizom, a retail intelligence platform.

https://www.business-standard.com/economy/news/demand-for-fmcg-products-marginally-up-in-may-sales-rise-1-4-data-123061200939_1.html

FAME-II subsidy cut likely to disrupt EV sector growth: SMEV writes to NGT

The Society of Manufacturers of Electric Vehicles (SMEV) on Tuesday petitioned the National Green Tribunal (NGT) expressing concerns that the Ministry of Heavy Industries (MHI’s) latest decision to cut down FAME-II subsidies is likely to disrupt India’s growth in the EV sector and consequently have a detrimental impact on the environmental and health indices of the country. The registered association representing Indian manufacturers of EVs, through a letter, requested for NGT’s support to impose a green tax on fuel-based two-wheelers so as to incentivise the adoption of green vehicles and contribute to the national objective of environmental preservation and pollution reduction.

<https://www.thehindubusinessline.com/economy/fame-ii-subsidy-cut-likely-to-disrupt-ev-sector-growth-smev-writes-to-ngt/article66965490.ece>

Infrastructure

Demand for warehouses in India reached record high in 2022-23: Report

The demand for warehouses in the top eight cities in India reached a record high of 51.3 million square feet (MSF) in 2022-23 (FY23), a report released on Tuesday showed. The demand reached an all-time high in Mumbai, Bengaluru, and Kolkata. In India, the demand rose 24 per cent as compared to FY22. According to India Warehousing Market Report – 2023 released by property consultancy Knight Frank, the demand was primarily driven by a surge in activities from the third-party logistics (3PL), manufacturing, and retail sectors. Compared to the previous year, the 3PL sector saw the highest rise in demand at 34 per cent.

https://www.business-standard.com/industry/news/demand-for-warehouses-in-india-reached-record-high-in-2022-23-report-123061300766_1.html

Housing prices continue to rise across key Indian cities led by robust sales

Housing prices have continued to rise across top cities in India led by robust growth in residential sales momentum despite higher mortgage rates. Prices rose around 8 per cent from a year ago during the quarter ended March on the back of a consistent demand pattern, showed a CREDAI-Colliers-Liases Foras report. As the interest rates are

now expected to have peaked, a pause in the rising repo rate paired with healthy domestic economic outlook is expected to keep the market sentiment upbeat, the joint report said.

<https://economictimes.indiatimes.com/industry/services/property/-/cstruction/housing-prices-continue-to-rise-across-key-indian-cities-led-by-robust-sales/articleshow/100981058.cms>

Energy

India set to start mega hydropower project near China border

India is close to starting a mega hydropower project that has been in the works for 20 years, a key step in the country's energy transition. State-run hydropower company NHPC Ltd. will start trial runs in July for the Subansiri Lower project that runs through the states of Assam and Arunchal Pradesh in the country's north-east. The first unit is expected to be commissioned in December, according to finance director Rajendra Prasad Goyal. By the end of 2024, all eight units will be commissioned, he said.

<https://economictimes.indiatimes.com/industry/energy/power/india-set-to-start-mega-hydropower-project-near-china-border/articleshow/100956370.cms>

Fuel companies on 'convenience' drive to draw in buyers

Leading fuel retailers such as Adani Total, Indian Oil and Bharat Petroleum are diversifying rapidly to set up non-fuel retail businesses at petrol filling and EV charging stations specially at highways, by setting up convenience stores, cafes, pharmacies, toy kiosks and gaming zones, which they said are top captive emerging retail destinations.

<https://economictimes.indiatimes.com/industry/energy/oil-gas/fuel-companies-on-convenience-drive-to-draw-in-buyers/articleshow/100974704.cms>

Telecom

Deploy AI, machine learning-based spam detect systems: Trai to telcos

The Telecom Regulatory Authority of India (Trai) has directed all telecommunication (telecom) service providers (TSPs) to deploy artificial intelligence and machine learning-based Unsolicited Commercial Communication (UCC) detect systems to identify and act against unregistered spam callers and message senders. On Tuesday, the telecom sector regulator also asked telecom companies (telcos) to comply with the earlier directive of instituting the new Digital Content Authorization (DCA) and intimate the updated status on actions taken within the next 30 days.

https://www.business-standard.com/industry/news/deploy-ai-and-machine-learning-based-spam-detect-systems-says-trai-123061300992_1.html

Healthcare

India emerging as a hub for clinical trials, says Parexel

Parexel, one of the world's largest clinical research organisations (CROs), sees India emerging as a favourable destination to conduct clinical trials as global pharmaceutical and biotech companies make a beeline to test their potential drugs on Indian patients, a top executive of the company said. "In the past, if they wanted to do clinical trials in 28 countries, India used to be 20th on the list. But, now, India started popping up among the top 5-10 countries (to do trials)," said Sanjay Vyas, EVP, safety & logistics and country head, in an interview with ET.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals/india-emerging-as-a-hub-for-clinical-trials-says-parexel/articleshow/100974167.cms>

External

WTO's dispute body to consider EU, India request for more time for settling ICT tariff issue

The World Trade Organization's Dispute Settlement Body (DSB), in a special session on Wednesday, will consider a joint request made by India and the EU for more time to sort out their dispute related to import tariffs imposed by India on select ICT products, including mobile phones. Both members, in a submission to the DSB, requested that it should put off adoption of the WTO panel's report, which ruled against India's tariffs, till September 19, 2023.

<https://www.thehindubusinessline.com/economy/wtos-dispute-body-to-consider-eu-india-request-for-more-time-for-settling-ict-tariff-issue/article66964713.ece>