



July 03, 2023 – Monday

Economy

Households are making a 'small switch' to deal with rising food prices

With prices of staple commodities skyrocketing, Indian households are switching to small packets and sachets from big boxes. The kitchen budgets are on a tight squeeze, therefore, the markets are witnessing a change in the spending habits of the consumers. Instead of buying fresh tomatoes, people have shifted to buying small cartons of tomato puree, from fresh ginger to single-use sachets of ginger paste and loose cumin powder to tiny 7-gm sachets, reported TOI.

<https://economictimes.indiatimes.com/news/economy/indicators/households-are-making-a-small-switch-to-deal-with-rising-food-prices/articleshow/101431308.cms>

India's growth to slow down in H2: Jahangir Aziz, JP Morgan

Amid a likely deceleration in global economic expansion, India's growth is also expected to slow down as much of it recently has been driven by exports, but some slowdown is needed to support macroeconomic and financial stability, Jahangir Aziz, head of emerging market economics at JP Morgan, tells Gayatri Nayak and Bhaskar Dutta. Edited excerpts:

<https://economictimes.indiatimes.com/news/economy/indicators/indias-growth-to-slow-down-in-h2-jahangir-aziz-jp-morgan/articleshow/101438971.cms>

Banking and Finance

PSBs should focus on robust asset-liability & risk management: Sitharaman

Union finance minister Nirmala Sitharaman on Saturday asked public sector banks (PSBs) to adhere to the regulatory norms and focus on robust asset liability and risk management elements."Banks should integrate corporate governance policies and ensure prudent liquidity management," Sitharaman added while inaugurating the corporate office of Punjab & Sind Bank in New Delhi.

https://www.business-standard.com/economy/news/sbs-should-focus-on-robust-asset-liability-risk-management-sitharaman-123070100550_1.html

UPI falls marginally in June to Rs 14.7 trn, with 9.33 transactions

Transactions under the Unified Payment Interface (UPI) have dipped a marginal 1 per cent to Rs 14.75 trillion in June from Rs 14.89 trillion this May. In terms of volume too, there was a dip in transactions from 9.41 billion in May to 9.33 billion in June. This is the first time since February this year that the UPI numbers have come down. Based on data from the National Payments Corporation of India, compared to the same month last financial year, transaction volume increased by 59 per cent and value by 45 per cent. In June 2022, NPCI processed 5.86 billion transactions worth Rs 10.14 trillion.

https://www.business-standard.com/finance/news/upi-transactions-down-marginally-by-1-in-june-to-rs-14-7-trillion-123070100368_1.html

Banks' net interest margin jumps 46 basis points to 3.3% in March quarter, says report

Banks' net interest margin (NIM), a key profitability gauge, grew 46 basis points to 3.3 per cent in the January-March quarter, driven by slower deposit rate resetting, an analysis showed. This has helped lenders register a 29.5 per cent increase in their net interest income during the period, according to an analysis of the banks' balance sheets by Care Ratings. Net interest income or NII, which is the money that banks earn from lending and paying to depositors, rose to Rs 1.83 lakh crore in Q4FY23 due to healthy loan growth and a higher yield on advances as against the year-ago period, it said.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/banks-net-interest-margin-jumps-46-basis-points-to-3-3-in-march-quarter-says-report/articleshow/101435215.cms>

GST collections rise by 12% to over Rs 1.61 trn in June: Finance Ministry

GST collections rose 12 per cent to over Rs 1.61 lakh crore in June, the Finance Ministry said on Saturday. The gross GST collection has crossed Rs 1.60 lakh crore mark for the fourth time since the roll-out of the indirect tax regime six years ago on July 1, 2017. The average monthly gross GST collection for the first (April-June) quarter of the 2021-22, 2022-23 and 2023-24 are Rs 1.10 lakh crore, Rs 1.51 lakh crore and Rs 1.69 lakh crore, respectively, the Finance Ministry said in a statement.

https://www.business-standard.com/economy/news/gst-collections-rise-by-12-to-over-rs-1-61-trn-in-june-finance-ministry-123070100294_1.html

Govt raises rates on select small savings schemes for July-Sept quarter

The finance ministry on Friday increased the small savings rates for the September quarter of FY24 for the one-year, two-year, and five-year recurring deposits, while keeping other interest rates unchanged. Interest rates for the one-year and two-year deposits were raised by 10 basis points (bps) each to 6.9 per cent and 7 per cent, respectively, while small savings rate for the five-year recurring deposit was raised by 30 bps to 6.5 per cent.

https://www.business-standard.com/economy/news/govt-raises-small-savings-rates-for-recurring-deposits-for-sept-quarter-123063000758_1.html

Industry

Impact of CSR funds 'not widely felt' despite jump in spending: Ministry of Corporate Affairs

The Ministry of Corporate Affairs (MCA) has flagged the limited impact of corporate social responsibility (CSR) initiatives despite a spike in such spending in recent years, and called on India Inc to adopt a long-term approach "to yield productive results". In a newsletter dated June 30, meant for various stakeholders, the ministry said the CSR spending stood at Rs 26,210 crore in FY21, having grown 80% from FY16. "However, the impact of the CSR funds is not widely felt and there is a need to enhance the visibility as well as impact of these invested funds," it said in the newsletter reviewed by ET.

<https://economictimes.indiatimes.com/news/economy/policy/impact-of-csr-funds-not-widely-felt-despite-jump-in-spending-mca/articleshow/101432747.cms>

No end to retailers' travails even with end of season sales

Retailers are concerned over the tepid response to end of season sales (EOSS) and are offering discounts of up to 75% amid worries they will need to extend the period as business is yet to reach last year's levels. The next few weeks will be crucial as retailers look to clear out inventory before new-season stock is due to come in. According to ICICI Securities, higher discounts are reflective of the relative stress in underlying inventory. The company analysed Shoppers Stop, Reliance Trends, Lifestyle, Pantaloons, VMART, Max and Westside and found that due to a revenue decline of 5-15% YoY in the April-May period most brands have kicked off EOSS two weeks early, it said in a report released on Sunday.

<https://economictimes.indiatimes.com/industry/services/retail/no-end-to-retailers-travails-even-with-end-of-season-sales/articleshow/101439473.cms>

Domestic automakers accelerate employment of women in shop floors

Homegrown automakers Tata Motors, Mahindra & Mahindra, Ashok Leyland and Hero MotoCorp are accelerating the drive to employ more women in shop floors as they press hard on the pedal to enhance diversity. Once outsiders

but no longer, thousands of women are now rolling out from two-wheelers to popular SUVs and heavy commercial vehicles across different factories of these companies.

"We are an equal opportunity employer and believe a gender-balanced workforce leads to increased productivity, better decisions, enhanced collaboration, and more innovative ideas. Our focus is on enhancing diversity, especially on the shop floor and 25 per cent of all our new recruits are women," Tata Motors Chief Human Resources Officer (CHRO) Ravindra Kumar GP told PTI.

<https://economictimes.indiatimes.com/industry/auto/auto-news/domestic-automakers-accelerate-employment-of-women-in-shop-floors/articleshow/101431075.cms>

e2W registrations up 69% in first 6 months of 2023

Notwithstanding the impact of the withdrawal of subsidies, registration for electric two-wheelers was 69 per cent higher during the first six months of 2023, compared to the same period last year. In 2023, 4,34,495 electric two-wheelers were registered between January and June, compared to the 2,57,508 registered during the same period in 2022, according to Vahan, which tracks vehicle registrations. However, despite the year-on-year increase in registrations, companies have stated that with FAME 2 subsidy reduction from June, the electric vehicle adoption in the country is expected to slow down. In June, only 45,795 electric two-wheelers were registered, compared to 1,05,165 two-wheelers in May. "The reduction in FAME 2 subsidy by the government does pose a momentary challenge to sustain the rate of accelerated adoption of electric scooters for the industry. While the increased EV prices might temporarily slow the adoption, we believe that the industry's overall growth trajectory remains intact. As technology advances the electric vehicles will become more affordable," said a Greaves spokesperson.

<https://www.thehindubusinessline.com/companies/e2w-registrations-up-69-in-first-6-months-of-2023/article67018627.ece>

Indian mobile companies may find it tough to regain market share

Indian mobile manufacturers appear to have their tasks cut out for them as they plan to re-enter the domestic smartphone market, which is still dominated by Chinese brands, regardless of the price levels: sub or above ₹10,000. An ET survey, which constituted nearly 20 mobile retail shops in Delhi, found that none sold Indian mobile brands-firstly, shops had limited stock of sub-₹10,000 mobile phones-which used to drive volumes historically in India; and almost all the shops sold 2-3 times more ₹ 10,000-plus mobile phones than sub-₹10,000 handsets, with demand mostly for 5G phones over 4G phones.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/indian-mobile-companies-may-find-it-tough-to-regain-market-share/articleshow/101439426.cms>

India set to be no. 1 wearables market in 2023

India's wearables market is expected to end 2023 as the world's largest and is set to prop up the global demand for smartwatches and hearables, at a time when North America and China are showing signs of saturation amid macroeconomic headwinds. Of the total 504.1 million units of wearables forecast to be shipped worldwide this year, India is expected to account for 130-135 million, or around 26%, as per market research firm IDC India. Last year, India had shipped around 100 million units of wearables - behind China and North America - making up nearly a fifth of the 492-million-unit global shipments, IDC said. On a quarterly basis, the wearables market in India became the largest globally in January-March this year, accounting for 26% of global shipments, according to IDC India, and 27%, as per Counterpoint Research.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/india-set-to-be-no-1-wearables-market-in-2023/articleshow/101442211.cms>

India's app economy to touch \$792 bn by 2030, 20% of estimated GDP: Report

India's app economy is expected to reach USD 791.98 billion by 2030, contributing 12 per cent to the country's estimated GDP of USD 6.59 trillion, a report commissioned by Broadband India Forum said on Friday. The report prepared jointly by ICRIER Senior Visiting Professor Rekha Jain and IIM Ahmedabad Professors Viswanath Pingali and Ankur Sinha is based on the assumption that the app economy will grow at the rate of 2.5 times the GDP growth as of 2030.

https://www.business-standard.com/economy/news/india-s-app-economy-to-touch-792-bn-by-2030-20-of-estimated-gdp-report-123063000700_1.html

Agriculture

Centre asks states to promote organic farming, stop urea diversion

Union Chemicals and Fertilisers Minister Mansukh Mandaviya on Friday urged states to promote organic farming for preservation of soil health and make efforts to reduce use of chemical fertilisers. The minister also asked states to take up effective steps to curtail diversion of urea meant for agriculture and farmers, to other sectors, according to an official statement. That apart, CCEA approved an outlay of Rs 1,451 crore subsidy to promote organic manure, taking the total package to over Rs 3.70 lakh crore. It also decided to introduce sulphur-coated urea (Urea Gold) in the country for the first time to address sulphur deficiency in the soil.

https://www.business-standard.com/economy/news/centre-asks-states-to-promote-organic-farming-stop-urea-diversion-123063000982_1.html

Punjab targets to bring 20 pc more area under basmati

The Punjab agriculture department is planning to increase the area under basmati crop by over 20 per cent in the current sowing season, with the state government pushing for alternative crops to wean away growers from water-guzzling paddy. As sowing of the aromatic crop is set to commence this month, the agriculture department has targeted to bring six lakh hectares under the aromatic crop, up from 4.94 lakh hectares last year, an agriculture department senior official said. The state government also has plans to fix a support price of Rs 2,600 to Rs 2,800 a quintal for basmati crop. To promote the basmati rice crop, the department has roped in 'Kisan Mitra', who will provide technical guidance to growers for sowing it.

<https://economictimes.indiatimes.com/news/economy/agriculture/punjab-targets-to-bring-20-pc-more-area-under-basmati/articleshow/101432079.cms>

Cost of production of sugar set to rise 4% after sugarcane FRP hike

Arguing that the cost of production of sugar may increase by 4 per cent after the hike in fair and remunerative price (FRP) of sugarcane for next season, private millers have sought a proportionate increase in minimum selling price (MSP) and purchase price of ethanol. The Cabinet Committee on Economic Affairs (CCEA), last week, approved the hike in FRP for the 2023-24 season (October-September) to ₹315/quintal for a basic recovery rate of 10.25 per cent, from the current ₹305/quintal.

<https://www.thehindubusinessline.com/economy/agri-business/cost-of-production-of-sugar-set-to-rise-4-after-sugarcane-frp-hike/article67034099.ece>

Infrastructure

India's first regional train service - RAPIDX - to kick off on 17-km stretch this month

A 17-km-long priority section of India's first regional train service, the RAPIDX, is set to begin operations this month. This portion has five stations-Sahibabad, Ghaziabad, Guldhar, Duhai and Duhai Depot. "Work at all these stations has been completed and they are ready for operations," a senior government official told ET. This section is part of the Delhi-Meerut Regional Rapid Transit System (RRTS) project. According to National Capital Region Transport Corporation (NCRTC) officials overseeing the development of the rapid rail service, safety approvals have been received from the commissioner for Metro Rail Safety (CMRS) last week. Prime Minister Narendra Modi is likely to soon inaugurate this project for the public.

<https://economictimes.indiatimes.com/industry/transportation/railways/indias-first-regional-train-service-rapidx-to-kick-off-on-17-km-stretch-this-month/articleshow/101438565.cms>

Govt to construct Rs 4,500-cr National Maritime Heritage Complex at Lothal

The Ministry of Ports, Shipping and Waterways announced on Friday that it is developing a National Maritime Heritage Complex (NMHC) as a tourist destination at Lothal under the Sagarmala programme. NMHC would be developed as a facility where the "maritime heritage of India from ancient to modern times would be showcased", the ministry said. Importance would be placed on using an educational and entertaining approach that utilises cutting-edge technology to raise awareness of India's maritime heritage, it added.

https://www.business-standard.com/india-news/govt-to-construct-rs-4-500-cr-national-maritime-heritage-complex-at-lothal-123063000753_1.html

All airlines post above 90% load factor for 2nd straight month: Govt data

All domestic airlines in India have recorded more than 90 per cent load factor (occupancy rate) for the second consecutive month in June, according to the Ministry of Civil Aviation's data that has been reviewed by Business Standard. The airlines are encashing the passenger traffic that they have received after Go First decided to suspend all flights from May 3.

https://www.business-standard.com/industry/news/all-airlines-post-above-90-load-factor-for-2nd-straight-month-govt-data-123070200534_1.html

Energy

Centre approves formation of India's first domestic regulated carbon market

The union government, through a gazette notification on Friday, approved the formation of India's first domestic regulated carbon market. The 'Carbon Credit Trading Scheme, 2023' first announced under the Energy Conservation Act, aims to set up a carbon credit trading market in the country. Drafted by the Bureau of Energy Efficiency, a wholly owned subsidiary of the ministry of power, the scheme would entail formation of a "National Steering Committee, a technical committee, an Accredited Carbon Verification Agency and the Central Electricity Regulatory Commission (CERC) as the carbon market regulator. The Grid Controller of India will be the registry for the Indian carbon market.

https://www.business-standard.com/economy/news/centre-approves-formation-of-india-s-first-domestic-regulated-carbon-market-123063000813_1.html

World Bank approves \$1.5 billion financing for India's low carbon energy sector

The World Bank said on Friday it has approved \$1.5 billion in financing to accelerate the development of India's low carbon energy sector. The financing will help India promote low-carbon energy by scaling up renewable energy, developing green hydrogen and stimulating climate finance for low-carbon energy investments, the bank said in a statement.

<https://www.financialexpress.com/economy/world-bank-approves-1-5-billion-financing-for-indias-low-carbon-energy-sector/3149270/>

LPG shipments to draw customs duty of 15% & farm cess of equal amount

The Centre has raised the basic customs duty on domestic LPG to 15% from 5%. It has also imposed an Agriculture Infrastructure and Development Cess (AIDC) of 15% on the import of LPG cylinders. However, the basic customs duty hike will not be applicable to imports of liquefied propane, liquefied butane and mixture of liquefied propane and liquefied butane by Indian Oil Corporation Ltd, Hindustan Petroleum Corporation Ltd and Bharat Petroleum Corporation Ltd for supply to household domestic consumers, a Central Board of Indirect Taxes and Customs notification said.

<https://economictimes.indiatimes.com/news/economy/policy/lpg-shipments-to-draw-customs-duty-of-15-farm-cess-of-equal-amount/articleshow/101438537.cms>

Diesel sales decline 3.7% in June, petrol sales up 3.4%

Diesel sales dropped in June as the arrival of monsoon cut demand in the agri sector and reduced vehicular movement, preliminary industry data showed. Demand for diesel, the most consumed fuel in the country - accounting for about two-fifths of the total demand, fell 3.7% to 7.1 million tonnes in June compared to the year-ago period. Diesel sales soared 6.7% and 9.3% in April and May, respectively, as agriculture demand picked up and cars yanked up air-conditioning to beat summer heat. Month-on-month sales were almost flat compared to 7.09 million tonnes of diesel consumed in May.

<https://economictimes.indiatimes.com/industry/energy/oil-gas/diesel-sales-decline-3-7-in-june-petrol-sales-up-3-4/articleshow/101438576.cms>

External

Commerce minister to meet traders as exports dip

The commerce ministry has called a meeting of exporters on Monday to take stock of the situation, as the country's outbound shipments have been contracting for the last four months, an official said. Exporters are expected to flag issues like extending greater support to participate in global exhibitions and fairs; expediting negotiations to conclude free trade agreements with the UK, Canada, Israel and GCC (Gulf Cooperation Council); and allowing industry double weighted deduction on salary to professionals to retain talent in India. Exports declined for the fourth-consecutive month by 10.3% year-on-year to \$34.98 billion in May, while the trade deficit widened to a five-month high of \$22.12 billion, according to the ministry data.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/commerce-minister-to-meet-traders-as-exports-dip/articleshow/101438600.cms>

Gems and jewellery exports push India-UAE FTA utilisation to the top

Utilisation of the India-UAE Free Trade Agreement (FTA) by Indian exporters could be as high as 50 per cent in the first year of implementation, based on the Certificate of Origin (COO) issued for exports, according to official sources. While the figure may go down a bit after cross-checking with the UAE, the utilisation rate of the India-UAE FTA is set to be way more than the utilisation of other FTAs with partners, such as Japan, South Korea and the ASEAN, per initial data collated by the Commerce Department.

<https://www.thehindubusinessline.com/economy/gems-and-jewellery-exports-push-india-uae-fta-utilisation-to-the-top/article67034148.ece>