



August 09, 2023 – Wednesday

Economy

Now, pulses start biting owing to high prices

Consumers trying to beat vegetable inflation by increasing the portion of pulses in their plate and the rise in international prices of pulses as exporting countries try to cash in on the fall in India's pulses sowing has led to an increase of 2-3% in wholesale prices of pulses within a week. The demand for the relatively cheaper pulses like masoor and moong has increased as vegetable inflation continues to stay firm with tomato prices remaining 233% more expensive in July over June. Exporting countries like Canada, Myanmar, Mozambique and others, which are closely monitoring the progress of kharif sowing in India, have increased the prices of pulses as the sowing of kharif pulses is lagging by over 9%. Among all the pulses, the highest increase in prices was seen in urad, whose prices increased by Rs 3/kg or nearly 3% last week in Jalgaon, one of the main processing centres for urad in the country.

<https://economictimes.indiatimes.com/news/economy/agriculture/now-pulses-start-biting-owing-to-high-prices/articleshow/102547043.cms>

Banking and Finance

RBI may extend rate pause to fight food inflation

India's central bank is expected keep its benchmark rate and policy stance unchanged for a third consecutive meeting to support growth while food inflation accelerates in Asia's third largest economy. All 42 economists in a Bloomberg survey forecast the Reserve Bank of India's six-member monetary policy committee will keep the repurchase rate unchanged at 6.50% on Thursday. Policymakers are keeping an eye on the likely occurrence of El Nino, which brings drier weather conditions and can affect crop yields. The RBI is likely to retain its "withdrawal of accommodation" stance introduced in April last year, according to 19 of 20 economists who shared their forecast on the stance, only one economist expected the change in language.

<https://economictimes.indiatimes.com/news/economy/policy/rbi-may-extend-rate-pause-to-fight-food-inflation/articleshow/102554147.cms>

Panel to decide reversal of erroneous transfers in demat accounts

The Securities and Exchange Board of India (Sebi) has established a new mechanism for the reversal of erroneous transfers in dematerialised (demat) accounts. The regulator has instructed depositories NSDL and CDSL to form a joint committee of at least three members, including its head, who must be one of their public interest directors (PIDs). The depositories will need to present to the committee all such instances of erroneous transfers awaiting reversal.

https://www.business-standard.com/markets/news/panel-to-decide-reversal-of-erroneous-transfers-in-demat-accounts-123080800622_1.html

CAG asks Finance Ministry to put in place online Customs refund system

The Comptroller and Auditor General (CAG) has asked the Finance Ministry to consider having an online system for processing customs refunds along the lines of the GSTN system to make it more efficient. The official auditor has also flagged "inordinate delays" in the implementation of the module for daily updation of exchange rate and asked to make the system operational at the earliest. Under the Customs Act, refunds can be claimed in cases where the imported goods are found to be defective or not in conformity with the specification agreed upon, when the goods are exported after payment of the export duty/cess and the exported goods are returned to the exporter.

<https://economictimes.indiatimes.com/news/economy/finance/cag-asks-finance-ministry-to-put-in-place-online-customs-refund-system/articleshow/102542238.cms>

At 1,192, number of pleas filed in SAT up 53% this fiscal

A record number of 1,192 appeals were filed before the Securities Appellate Tribunal (SAT) during the year - up 53% over the previous year revealed the regulator's FY23 annual report released on Monday. This increase in appeals filed is directly proportional to the increase in Sebi's regulatory action. During FY23, Sebi undertook 144 investigations compared to 59 in the previous year. It completed adjudication proceedings against 3731 entities - 57% higher than the previous year. The regulator inspected 42 merchant bankers in FY23 versus just eight in FY22, and 833 BSE stockbrokers were inspected compared to 385 in the previous year.

<https://economictimes.indiatimes.com/news/economy/indicators/at-1192-number-of-pleas-filed-in-sat-up-53-this-fiscal/articleshow/102546899.cms>

Industry

PLI 2.0 in works for steel, to focus on import substitution

The government is working on a second leg of the performance-linked incentive (PLI) programme for the steel sector, focused on import substitution. "The steel ministry is likely to come up with PLI-2 which will further take care of the requirements of the Indian Railways and various other segments," steel secretary Nagendra Nath Sinha told ET. "The steel ministry is pursuing with the Indian steel sector to take urgent initiatives to meet the domestic requirements of the Indian Railways," he said, adding that agreements have been signed by Steel Authority of India Ltd (SAIL) for asymmetric and hardened rail for the special grade requirements of the railways.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/steel/pli-2-0-in-works-for-steel-to-focus-on-import-substitution/articleshow/102546659.cms>

Govt to unveil Rs 4,126 crore 'payment security fund' for e-buses

In a significant step towards promoting eco-friendly and sustainable public transportation, the Centre is poised to unveil a Rs 4,126 crore 'payment security fund' to streamline the procurement of 38,000 electric buses (e-buses) across the country. The planned move is to ensure that manufacturers receive secure and timely payments for the e-buses they supply to State Transport Undertakings (STUs) and other government agencies. This follows the underwhelming response from participants in recent e-bus tenders.

https://www.business-standard.com/india-news/electric-transportation-sector-to-get-rs-4-126-cr-payment-security-charge-123080800553_1.html

Consumer goods firms expect margins to improve significantly over next three quarters

Top listed consumer goods companies such as Hindustan Unilever (HUL), Dabur, Marico, Tata Consumer Products and Havells have said in recent earnings calls they expect margins to improve significantly over the next three quarters of the current fiscal with input cost further moderating out and in some cases more than what they had initially projected, most of which will be ploughed back into advertising and promotional (A&P) investments. Margins are on an upward trajectory for most companies from December quarter with year-on-year reduction in inflation and raw material costs. This led to a recovery in advertising and promotion spending as well which last quarter almost touched at par with pre-Covid levels.

<https://economictimes.indiatimes.com/industry/cons-products/fmCG/consumer-goods-firms-expect-margins-to-improve-significantly-over-next-three-quarters/articleshow/102539808.cms>

IT hardware companies: Defer laptop import curbs by 9-12 months

Apple, Dell, HP, Acer and others have sought an extension of nine months to a year of the deadline for licences required for import of laptops, tablets, all-in-one-personal computers and other items, people familiar with the matter said. In a meeting with senior ministry of electronics and information technology (MeitY) officials on Tuesday, executives of these companies said they would need this time to set up manufacturing facilities in India. "The companies need reasonable time to set up manufacturing. We are also unsure about the process for licensing, and the data needed from us. So, we will need this time," one of the industry executives present at the meeting said.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/it-hardware-companies-defer-laptop-import-curbs-by-9-12-months/articleshow/102553021.cms>

Over 3,000 fintech startups registered with DPIIT in India: MoS Corporate Affairs

India has 3,085 startups registered with the Department for Promotion of Industry and Internal Trade (DPIIT) in the fintech sector, Rao Inderjeet Singh, Minister of State in the Corporate Affairs ministry informed Lok Sabha in a written reply to a question. The minister noted that under the Startup India initiative by DPIIT, India has 98,119 startups across 56 diversified sectors as of April 30, 2023.

<https://www.financialexpress.com/industry/sme/over-3000-fintech-startups-registered-with-dpiit-in-india-mos-corporate-affairs/3203363/>

Tech layoffs ease, but companies go slow on hiring

Even as Big Tech layoffs decline in the US since the mass job cuts at the beginning of the year, the worst of the layoffs in India may also be largely behind us, top industry experts told ET. But companies will continue to focus on how best to utilise existing capacity and go slow on hiring, except for niche skills, as demand constraints and lack of visibility continue to weigh on the entire tech cohort of services, products and tech enabled startups, the experts said. "The good news is that demand for technology still exists but decision-making is slow, and consequently, so is business growth. The environment for layoffs, except those happening because of funding issues in startups, is largely behind us," said Sangeeta Gupta, senior VP, Nasscom.

<https://economictimes.indiatimes.com/tech/technology/tech-layoffs-ease-but-companies-go-slow-on-hiring/articleshow/102547087.cms>

Agriculture

India wheat prices jump to 6-month high on demand, limited supply

Indian wheat prices surged to a six-month high on Tuesday due to limited supplies and robust demand ahead of the festival season, dealers said. The increasing prices may prompt New Delhi to eliminate import duties on the cereal to bolster supplies and control prices ahead of key state polls and next year's general election. Rising wheat prices could contribute to food inflation and potentially complicate the efforts of both the government and the central bank to contain inflation. "In all key producing states, farmer supplies have nearly come to a halt. Flour mills are struggling to obtain sufficient supplies in the market," said a New Delhi-based trader.

<https://economictimes.indiatimes.com/news/economy/agriculture/india-wheat-prices-jump-to-6-month-high-on-demand-limited-supply/articleshow/102535329.cms>

Over 4 lakh hectares brought under natural farming in 8 states: Govt

About 4.09 lakh hectares have been brought under natural farming in eight states with Andhra Pradesh leading the group, Agriculture Minister Narendra Singh Tomar said in Parliament on Tuesday. The eight states are Andhra Pradesh, Madhya Pradesh, Chhattisgarh, Kerala, Odisha, Himachal Pradesh, Jharkhand, and Tamil Nadu, the minister said in a written reply to the Lok Sabha.

<https://economictimes.indiatimes.com/news/economy/agriculture/over-4-lakh-hectares-brought-under-natural-farming-in-8-states-govt/articleshow/102534671.cms>

Govt says crop insurance claims worth Rs 2,761.10 cr pending under PMFBY till 2021-22

Crop insurance claims worth around Rs 2,761.10 crore under the Pradhan Mantri Fasal Bima Yojana (PMFBY) were pending till 2021-22, with maximum pendency of claims in Rajasthan, Maharashtra and Gujarat, Parliament was informed on Tuesday. The admissible claims under the PMFBY are generally paid by the concerned insurance companies within two months of completion of harvesting period and one month of notification for invoking the

risks of prevented sowing, mid-season adversity and post harvest losses. It is also subject to receipt of a total share of premium subsidy from the concerned government within time. "However, settlement of few claims in some states got delayed due to reasons like delayed transmission of yield data; late release of their share in premium subsidy, yield-related disputes between insurance companies and states..." Agriculture Minister Narendra Singh Tomar, in his written reply to the Lok Sabha, said.

<https://economictimes.indiatimes.com/news/economy/agriculture/govt-says-crop-insurance-claims-worth-rs-2761-10-cr-pending-under-pmfby-till-2021-22/articleshow/102533507.cms>

Infrastructure

International brands share in retail leasing going up

Global brands now account for a quarter of retail space taken up in India, after it jumped 1100 basis points during the June quarter from the same period a year ago. According to an analysis by CBRE, retail leasing by international brands was 25% during Q1FY 24 compared to 14% same quarter last year. While homegrown retailers including Aditya Birla, Reliance and Tata opened stores aggressively, the surge in global brands leasing were from both existing retailers as well as newer entrants. Both luxury and home and department store sectors held an 11% share, while consumer electronics sector accounted for 7% of the leasing. During the period, the share of leasing was led by domestic firms (75%), followed by retailers from APAC (12%), Europe, the Middle East and Africa (EMEA) - 10% and America (3%).

<https://economictimes.indiatimes.com/industry/services/retail/international-brands-share-in-retail-leasing-going-up/articleshow/102547398.cms>

Energy

India's July fuel demand up 1.9% YoY to 18.09 mn tonnes: Oil ministry data

India's fuel consumption, a proxy for oil demand, rose by 1.9% year-on-year in July to about 18.09 million tonnes, data from the Petroleum Planning and Analysis Cell (PPAC) of the oil ministry showed on Tuesday. Fuel demand was still down about 6.6% from the previous month, when demand stood at 19.36 million tonnes.

https://www.business-standard.com/economy/news/india-s-july-fuel-demand-up-1-9-yoy-to-18-09-mn-tonnes-oil-ministry-data-123080800233_1.html

Govt says no plan formulated to phase out old coal-based power plants

The government on Tuesday said it has not formulated any plan to phase out old coal-based thermal power plants in the country. India has set an ambitious energy transition programme, which includes having 500 GW of renewable energy capacity, by 2030. "No Sir, Central Electricity Authority vide an advisory dated January 20, 2023 suggested that no retirement or repurposing of coal-based power stations will be done before 2030 considering the expected energy demand scenario and availability of capacity in future," Power Minister R K Singh said in a written reply to Rajya Sabha.

https://www.business-standard.com/india-news/govt-says-no-plan-formulated-to-phase-out-old-coal-based-power-plants-123080800674_1.html

Telecom

Trai issues consultation paper on regulatory framework for broadcast sector

The Telecom Regulatory Authority of India (Trai) on Tuesday issued a new consultation paper for the broadcasting sector, seeking to discuss customer fees and whether Direct To Home (DTH) operators should mandatorily provide free-to-air channels. The paper will also look at issues like tariff, interconnection and service quality, such as revenue sharing between multi-system operators (MSO) and local cable operators (LCO). These issues were not covered under Trai's third amendment of the new tariff order issued in November 2022, said the regulator.

https://www.business-standard.com/industry/news/trai-releases-consultation-paper-on-framework-for-broadcasting-sector-123080800627_1.html

External

India's rice export ban could hit planting, farm income: Farmers' body

Rice planting in India could fall by 5% as New Delhi's decision to ban non-basmati white rice exports will cut farm income and encourage growers to switch to other crops, a leading farmers' group said. "The rice export ban was announced right in the middle of the current planting season, and that's why the decision has sent a wrong signal to farmers," Mohini Mohan Mishra, general secretary of the Bharatiya Kisan Sangh (BKS), or Indian Farmers' Union, told Reuters.

https://www.business-standard.com/economy/news/india-s-rice-export-ban-could-hit-planting-farm-income-farmers-body-123080800519_1.html

Russia's oil to India in June the cheapest since Ukraine war began

The average cost of Russian crude landing on Indian shores in June was the lowest since Moscow's invasion of Ukraine more than a year ago. The price for each barrel including freight costs was \$68.17, down from \$70.17 in May and \$100.48 a year earlier, according to the latest figures from India's Ministry of Commerce and Industry. While that's higher than a \$60 cap imposed by Western nations on Moscow, the threshold doesn't include shipping.

https://www.business-standard.com/india-news/russia-s-oil-to-india-in-june-the-cheapest-since-ukraine-war-began-123080700360_1.html

India's MSME share in overall exports continues to decline contrary to govt's target of 60%

The share of export of MSME-specified products in all India exports continues to decline year-on-year even as the country's overall exports including merchandise and services grew by an estimated 13.84 per cent in financial year 2022-23. Citing data from the Directorate General of Commercial Intelligence and Statistics (DGCIS), Bhanu Pratap Singh Verma, Minister of State in the MSME Ministry in a written reply to a question in the Rajya Sabha noted that the share of MSME-specified goods in overall exports stood at 43.6 per cent in FY23.

<https://www.financialexpress.com/industry/sme/msme-share-in-indias-exports-continues-to-decline-drops-by-6-since-fy20/3203411/>

India, Sri Lanka renew bid to link power grids

India and Sri Lanka are giving a fresh push to the long-pending power grid connectivity between the two countries to trade electricity. Work has started on updating a detailed project report for the connectivity either through overhead line or undersea cable in the sea portion of the connectivity, following a meeting on the proposal last month, said people familiar with the matter. The timeline for a draft detailed project report is September 15, after which it will be discussed between the two sides for finalisation, they said.

<https://economictimes.indiatimes.com/news/india/india-sri-lanka-renew-bid-to-link-power-grids/articleshow/102546949.cms>

India, US mutually resolve 2 trade disputes: WTO

The World Trade Organization (WTO) on Tuesday said that two separate dispute settlement panels have stated that India and the US have mutually resolved disputes with regard to certain measures on steel and aluminium products, and additional duties on certain products from the US. On July 13, the two countries notified that they had reached a mutually agreed solution to the matters raised in the two disputes. "The circulation of the two panel reports is a formality given that the two sides reached mutually acceptable solutions to the disputes in July. The panel did not issue any findings on the claims made by them in the respective disputes," said an official.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-us-mutually-resolve-2-trade-disputes-wto/articleshow/102546208.cms>

India set to cut wheat import duty 15%, allow shipments into southern ports

The Indian government has decided to allow wheat imports through southern ports at a lower Customs duty that could be either zero or 15 per cent, two sources in the know of the development said. The move comes on the heels of wheat prices surging to a six-month high due to supply shortage and demand ahead of the festival season.

<https://www.thehindubusinessline.com/economy/agri-business/india-set-to-cut-wheat-import-duty-15-allow-shipments-into-southern-ports/article67173260.ece>