



September 06, 2023 – Wednesday

Key Developments

Money laundering rules: Definition of beneficial owners tightened

The Centre on Tuesday notified the amendment in the Prevention of Money-laundering (Maintenance of Records) Rules, 2005, further tightening the definition of beneficial owner for a partnership firm. It has reduced the threshold for beneficial owners to 10% of entitlement of capital or profits of a partnership firm from 15% earlier. All partners crossing that threshold will now be considered beneficial owners. Even partners who have ownership of less than 10% of the capital or profits of the partnership but exercise control through other means like right to control the management or policy decisions of the partnership firm, will now be considered beneficial owners.

<https://economictimes.indiatimes.com/news/economy/policy/money-laundering-rules-definition-of-beneficial-owners-tightened/articleshow/103405682.cms>

Economy

Services PMI slows down in Aug as sales wane off despite record exports

Growth in India's dominant services sector lost some steam in August as the headline Purchasing Managers' Index (PMI) figure fell to 60.1 from a 13-year-high of 62.3 in July as sales slowed down amid a record increase in new export business, said a survey by S&P Global on Tuesday.

https://www.business-standard.com/economy/news/services-pmi-slows-down-in-aug-as-sales-wane-off-despite-record-exports-123090500667_1.html

Overall household spending has increased for 58% consumers - Axis My India August CSI Survey

Overall household spending has increased for 58% of the families, a 2% rise from last two months and the highest increase in the last five months, according to the latest report on the India Consumer Sentiment Index (CSI) by Axis My India. Spends on essentials like personal care and household items have increased for 44% of families, which marks a significant increase by 13% from last month. Spends on non-essential and discretionary products like AC, car, and refrigerators have increased for 6% of families, which is an increase by 1% from last month.

<https://economictimes.indiatimes.com/news/economy/indicators/overall-household-spending-has-increased-for-58-consumers-axis-my-india-august-csi-survey/articleshow/103385260.cms>

Inflation to remain elevated in next few months, govt policies to prevent it from rising further: S&P

Inflation in India is likely to remain elevated in the near terms but government policies will prevent it from rising further, S&P Global Ratings Economist (Asia Pacific) Vishrut Rana said on Tuesday. In July, the consumer price index based retail inflation spiked to 15-month high of 7.44 per cent in July, with specific food commodities mainly driving the increase. Speaking at the 'Monthly Asia-Pacific Credit Focus' webinar, Rana said in India the monsoon has been very patchy and overall rain was about 11 per cent below normal. "That is a significant concern as it can affect grain prices in India over next few months," he said.

<https://economictimes.indiatimes.com/news/economy/indicators/inflation-to-remain-elevated-in-next-few-months-govt-policies-to-prevent-it-from-rising-further-sp/articleshow/103393127.cms>

Banking and Finance

FM highlights major progress achieved in formalising finance

Formalisation of finance is making giant strides in the country, with soaring income tax filings across income slabs and a surge in the number of accounts to keep shares in dematerialised form, said finance minister Nirmala Sitharaman. The digitisation of the processes has helped even remote states in the Northeast and less developed states like Chhattisgarh and the Union Territory of Jammu and Kashmir clock double-digit growth in income tax filings, she said at Global Fintech Fest 2023 on Tuesday. "Each tax bracket – the tax slabs, I mean – has seen a minimum threefold increase in tax filing, some even achieving a nearly fourfold surge," said Sitharaman. "A record number of mutual fund SIPs (systematic investment plans) are being registered – which helps in generating long-term wealth – with a monthly flow in the mutual fund industry through the route reaching an all-time high of Rs 15,245 crore in July 2023."

<https://economictimes.indiatimes.com/news/economy/policy/fm-highlights-major-progress-achieved-in-formalising-finance/articleshow/103405955.cms>

SEBI plans to usher in the era of 1-hour trade settlement by early 2024

The Securities and Exchange Board of India (Sebi) plans to usher in the era of one-hour trade settlement by early next year, which will be a precursor to settling trades instantaneously, Chairperson Madhabi Puri Buch indicated on Tuesday. "India is the first jurisdiction in the world that has moved to T+1 (trade date plus one day) settlement. We are now talking about a one-hour settlement and that will be a stepping stone to instantaneous settlement. This will be in a reasonably short period of time," the Sebi chief said at the Global Fintech Fest in Mumbai.

https://www.business-standard.com/markets/news/sebi-plans-to-implement-one-hour-settlement-of-trades-by-march-2024-123090500947_1.html

RBI in advanced talks with European Securities and Markets Authority

The Reserve Bank of India is in advanced talks with the European Securities and Markets Authority (ESMA) on the tussle surrounding oversight of the Clearing Corporation of India (CCIL) even as discussions with other overseas authorities on the issue have progressed far more smoothly. "Conversations regarding MoUs (Memorandum of Understanding) are going on regularly with the ESMA. The others (other global regulators) have taken a much more relaxed stance. Efforts are on to find a solution," a senior central bank official told ET on condition of anonymity.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-in-advanced-talks-with-european-securities-and-markets-authority/articleshow/103405977.cms>

Credit demand to remain robust, to clock about 14% growth: SBI chairman

State Bank of India (SBI) Chairman Dinesh Kumar Khara on Tuesday said the robust credit growth in the first quarter ended June would continue in this financial year on the back of demand from corporates and strong traction in the retail segment in the country. The loan would grow by around 14 per cent year-on-year (Y-o-Y), he said.

https://www.business-standard.com/companies/news/credit-demand-robust-to-clock-about-14-growth-sbi-s-dinesh-kumar-khara-123090501237_1.html

Reserve Bank of India likely to bring in CBDC in call money market

The Reserve Bank of India (RBI) aims to increase the number of central bank digital currency (CBDC) transactions in the retail segment from 20,000-25,000 per day in July to 1 million by the end of December, according to official RBI sources. "The RBI is looking to expand the use of CBDC or e-rupee for a broader range of wholesale transactions. We are planning to use CBDC tokens for the call money market," the official added.

https://www.business-standard.com/economy/news/rbi-looking-to-achieve-1-million-transactions-per-day-in-cbdc-retail-123090501142_1.html

Institutional investments in alternatives cross \$2 bn in 5 years: Colliers

Alternative assets in India received cumulative investments of about \$ 2 billion during the last 4-5 years (2019-H1 2023), led by foreign investors. Foreign investments accounted for 78% of the total investments in the segment, as newer investors continued to seek newer markets and avenues segments to diversify their asset portfolio while enhancing risk-adjusted returns. Institutional investors primarily focused on core asset classes have been building

up their non-core assets around Data centres, Life sciences, and Co-living, amongst others. Investments in alternatives have witnessed continued growth since 2019, driven by the emergence of a shared economy, increased digitalisation, and supportive government policy initiatives.

<https://economictimes.indiatimes.com/news/economy/indicators/institutional-investments-in-alternatives-cross-2-0-bn-in-5-years-colliers/articleshow/103380089.cms>

Industry

Competition Commission of India seeks to widen scope of computing M&A deal value

The Competition Commission of India (CCI) has sought to widen the definition of deal value for big-ticket merger and acquisition (M&A) exercise to include "every valuable consideration, whether direct or indirect, immediate or deferred, cash or otherwise", according to its draft Combinations Regulations 2023. Experts said such regulations, once finalised, will likely impact deals in sectors, including technology, infrastructure and healthcare, and lead to a surge in filings with the competition regulator.

<https://economictimes.indiatimes.com/news/company/corporate-trends/competition-commission-of-india-seeks-to-widen-scope-of-computing-ma-deal-value/articleshow/103405820.cms>

Govt to reassess mandatory joint audit plan for big companies

The government is having a rethink on a proposal to mandate joint audits of large firms by amending the Companies Act, as it weighs larger deliberations on the issue of fixing audit accountability when things go wrong, said a person aware of the details. In a joint audit, two or more audit firms conduct the audit of a company and produce a single report. The proposal is aimed at improving the audit quality. Large audit firms have strongly opposed the joint audit proposal, mainly due to fears of having to share the audit revenue with smaller ones, while the Institute of Chartered Accountants of India (ICAI) has endorsed it, said a second person.

<https://economictimes.indiatimes.com/news/company/corporate-trends/govt-to-reassess-mandatory-joint-audit-plan-for-big-companies/articleshow/103405529.cms>

Auto sales up 9% in August, PV inventory at an all-time high: FADA

India recorded a 9 per cent growth in the automotive retail sector in August, data released by the Federation of Automobile Dealers Associations (FADA) on Tuesday showed. Compared to the pre-pandemic numbers, the growth was at a moderate 1 per cent. As compared to July, the auto sales in the country were 3 per cent higher.

https://www.business-standard.com/industry/auto/auto-sales-up-9-in-august-pv-inventory-at-an-all-time-high-fada-123090500267_1.html

Clothing, lifestyle retailers and shopping malls expect bumper festive harvest

Clothing and lifestyle retailers and shopping malls have seen a sharp recovery in sales across pricepoints in the past few weeks during Raksha Bandhan and Onam, raising hopes of strong demand this festive season even though mass segments in electronics and auto stay under pressure. Retailers said the recent sales trend indicates a normal festive period ahead for apparel and discretionary segments that had been struggling for almost a year now. "The last few months have been challenging, but we are now seeing single-digit same-store sales," said Devarajan Iyer, chief executive of department store chain Lifestyle International. "We have also managed our inventory for the festive season after gauging this demand boost."

<https://economictimes.indiatimes.com/industry/services/retail/clothing-lifestyle-retailers-and-shopping-malls-expect-bumper-festive-harvest/articleshow/103406264.cms>

Buoyant outlook of global SaaS majors to boost Indian IT firms

The just-concluded robust quarterly results of global SaaS companies, such as Salesforce, ServiceNow, and Workday, hold cheer for Indian IT players delivering high-end digital services, according to top broker ICICI Securities. Most SaaS companies have reported June/July23 quarter revenue growth higher than their guidance, and some have also upgraded full-year CY23 guidance, indicating improvement in demand despite elongated deal cycles.

<https://www.thehindubusinessline.com/news/buoyant-outlook-of-global-saas-majors-to-boost-indian-it-firms/article67274096.ece>

Agriculture

Indian sugar production concerns drive local prices to 6-year high

Sugar prices in India have jumped by more than 3% in a fortnight to their highest level in six years, traders and industry officials said, as limited rainfall in the country's key growing regions raised production concerns for the upcoming season. This could add to food inflation and discourage New Delhi from allowing sugar exports, supporting global prices which are near their highest in more than a decade.

https://www.business-standard.com/industry/agriculture/indian-sugar-production-concerns-drive-local-prices-to-6-year-high-123090500702_1.html

India Met Department says monsoon will continue to be active across key agricultural States

The south-west monsoon will continue to be active over various parts of the country, including key agricultural States in central and north-western parts, over the next five days. In particular, rainfall activity with isolated heavy showers is likely over Maharashtra between Wednesday and Friday, the India Meteorological Department (IMD) said.

<https://www.thehindubusinessline.com/economy/agri-business/india-met-department-says-monsoon-will-continue-to-be-active-across-key-agricultural-states/article67274488.ece>

Infrastructure

Nitin Gadkari pitches for diversification of agriculture towards energy, power sectors

Union minister Nitin Gadkari on Tuesday said diversification of agriculture towards energy and power sectors is the need of the country, apparently pitching for increased production of ethanol. "I am telling you the truth, your life cannot be changed by growing wheat, rice, maize and bajra. No matter how much production you produce, the price remains the same." "Now diversification of agriculture towards the energy and power sector is the need of the country," he said at a public rally on the launch of the fourth Parivartan Yatra from Gogamedi in Hanumangarh. The Minister for Road Transport and Highways, and the senior BJP leader, also said that with a new thinking under the leadership of Prime Minister Narendra Modi, the farmer will not only be a provider ..

<https://economictimes.indiatimes.com/news/economy/agriculture/nitin-gadkari-pitches-for-diversification-of-agriculture-towards-energy-power-sectors/articleshow/103396261.cms>

India to become green fuel destination for shipping sector: R K Singh

The union government is looking to make India as the refuelling hub of green hydrogen, ammonia and methanol for the shipping sector. The union minister for power, new and renewable energy R K Singh said, India will provide these green fuels at the cheapest rates. "Shipping will go green in the next 10 years. We have to emerge as the refueling destination for all the green ships. That is our ambition," the minister said at a seminar hosted by NTPC.

https://www.business-standard.com/economy/news/india-to-become-green-fuel-destination-for-shipping-sector-r-k-singh-123090500824_1.html

Presentation on CAG's Bharatmala Pariyojana report made to PAC

A presentation of the recent CAG report on the 'Bharatmala Pariyojana' was made at a meeting of the Parliament's Public Accounts Committee headed by Congress MP Adhir Ranjan Chowdhury on Tuesday, sources said. The audit report on the implementation of Phase-I of the 'Bharatmala Pariyojana' highway projects triggered a political row with opposition parties alleging corruption in the process of awarding the project. The Road Transport and Highways Ministry, however, has said the Comptroller and Auditor General's (CAG) findings that the cost was exorbitant are misplaced as it did not factor in the actual cost. The sources said at the PAC's meeting on Tuesday, there was a presentation on the CAG report, which was tabled in Parliament on August 10.

<https://economictimes.indiatimes.com/news/economy/infrastructure/presentation-on-cags-bharatmala-pariyojana-report-made-to-pac/articleshow/103403663.cms>

Energy

Ireda partners with banks to boost renewable energy projects in India

To accelerate the growth of renewable energy (RE) in India, the Indian Renewable Energy Development Agency Ltd (Ireda) signed memorandums of understanding (MoUs) with the Union Bank of India (UBI) and Bank of Baroda (BoB) on Tuesday. As part of the agreement, Ireda and the respective banks will focus on co-lending and loan syndication for a broad spectrum of renewable energy projects, encompassing both established and emerging RE technologies.
https://www.business-standard.com/industry/news/ireda-partners-with-banks-to-boost-renewable-energy-projects-in-india-123090500846_1.html

Coal dispatch grows 6% to over 324 MT during Apr-Aug: Coal ministry

Coal dispatch to the power sector increased 6 per cent to 324.5 million during the April-August period of the current fiscal, an official statement said on Tuesday. Coal dispatch to the power sector was at 306.70 MT during the year-ago period, the Ministry of Coal said. "Coal dispatch to the power sector from April to August amounted to 324.5 MT, a growth of 5.8 per cent compared to 306.7 MT in corresponding period of the previous year," it said. As on August 31, the overall coal stock position at mines, thermal power plants and transit was 86 MT compared to 68.76 MT a year ago, an increase of over 25 per cent.
https://www.business-standard.com/economy/news/coal-dispatch-grows-6-to-over-324-mt-during-apr-aug-coal-ministry-123090501176_1.html

Power demand up 40GW-50GW on daily basis compared to year ago: R K Singh

Union Power Minister R K Singh on Tuesday quantified the pace of economic growth in the country in terms of rise of electricity demand, and said that India's power demand is about 40 GW-50 GW more than the corresponding day last year. Addressing a day-long conference on 'Green Hydrogen Pilots in India' here, he said India has the potential to be one of the biggest manufacturers of green hydrogen in the world.
https://www.business-standard.com/economy/news/power-demand-up-40gw-50gw-on-daily-basis-compared-to-year-ago-r-k-singh-123090501001_1.html

Telecom

At 7 million, India saw highest mobile subscriber addition in Q2: Ericsson

With seven million new subscribers, India accounted for the highest net addition of mobile subscriptions globally in the second quarter of 2023, according to the August edition of Ericsson Mobility. Among national markets, India was followed by China with five million and the US with three million subscribers. The subscriber penetration in India, however, stood at 79 per cent, compared to 120 per cent in China, the report said.
https://www.business-standard.com/companies/news/india-saw-highest-mobile-subscriber-addition-in-q2-ericsson-report-123090501079_1.html

States

Andhra Pradesh government, SBI ink deal to upgrade, establish 7,500 micro food processing units

The Andhra Pradesh Food Processing Society (APFPS) and the State Bank of India (SBI) have entered into an agreement on Tuesday to upgrade and support the establishment of at least 7,500 micro food processing units in the state. This agreement will be executed in the ongoing 2023-24 fiscal under the Prime Minister Formalisation of Micro Food Processing Enterprises (PMFME) scheme. "This partnership with a financial powerhouse like SBI will provide a significant boost to micro food processing enterprises in the state," said APFPS Chief Executive Sridhar Reddy in a press release, adding that maximum number of units will be covered. As part of this deal, SBI will offer collateral-free loans of up to Rs 10 lakh to eligible beneficiaries, following the guidelines of the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) under the Agri Infrastructure Fund.
<https://economictimes.indiatimes.com/industry/cons-products/food/andhra-pradesh-government-sbi-ink-deal-to-upgrade-establish-7500-micro-food-processing-units/articleshow/103399460.cms>

External

Not necessary to take a call on IPEF trade pillar by November

Ahead of a key round of talks on Indo-Pacific Economic Framework (IPEF) next week, officials have said it is not necessary for India to take a call on joining the trade pillar of the pact by the target conclusion date of November. Negotiators said India can join the IPEF trade pillar later, but there is a need to build consensus. While the supply chain agreement of the IPEF is awaiting comments from various ministries before it is sent for Cabinet approval, officials said negotiations on clean economy and fair economy are progressing well.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/not-necessary-to-take-a-call-on-ipef-trade-pillar-by-november/articleshow/103405777.cms>