



August 18, 2021 – Wednesday

Key Developments

Govt to offer incentives to boost exports, notifies RoDTEP rates

The government on Tuesday notified the rates for export incentive scheme RoDTEP and its rules with an aim to boost exports. The government has decided to extend the benefit of Remission of Duties and Taxes on Exported Products (RoDTEP) scheme to all goods, with effect from January 1, 2021, according to a notification by the Directorate General of Foreign Trade (DGFT). The rates for different sectors include 0.5 per cent, 2.5 per cent and 4 per cent. It has also notified guidelines for the scheme.

"The Centre has today notified the RoDTEP guidelines and rates. The rates will cover 8,555 tariff lines (products)," the Commerce Ministry said in a statement. Under the RoDTEP, various central and state duties, taxes, levies imposed on input products among others are refunded to exporters to boost exports. Government's new incentive scheme is compliant with World Trade Organization rules. The government plans to spend Rs 19,440 crore offering incentives to exporters under the scheme that would be effective from January 2021, a trade ministry official told reporters.

https://www.business-standard.com/article/economy-policy/govt-to-offer-incentives-to-boost-exports-notifies-rodtep-rates-121081700743_1.html

Little more than half of financial inclusion achieved, says RBI's new index

The Reserve Bank of India (RBI) on Tuesday introduced its annual composite Financial Inclusion index (FI-Index) to capture the extent of financial inclusion in the country. The index will be a single value between 0 and 100, where 0 represents complete financial exclusion and 100 shows full financial inclusion. According to RBI's assessment, the FI-Index for the period ending March 2021 is 53.9 as against 43.4 for the period ending March 2017. RBI will publish the index annually in July. The index incorporates details of banking, investments, insurance, postal as well as the pension sector in consultation with Government and respective sectoral regulators, the central bank said in a statement on its website. The index will have three broad parameters with weights -- access (35 per cent), usage (45 per cent), and quality (20 per cent). Each of the parameters has various dimensions, computed based on several indicators.

https://www.business-standard.com/article/finance/little-more-than-half-of-financial-inclusion-achieved-says-rbi-s-new-index-121081700558_1.html

Sebi notifies relaxed sweat equity rules for new-age technology firms

Markets regulator Sebi has given relaxations on the quantum of sweat equity that can be issued by new-age technology companies listed on the Innovators Growth Platform. The development came at a time when many startups are attracting significant investments, including from overseas.

In the case of IGP-listed companies, the yearly limit for sweat equity shares will be 15 per cent, while the overall limit will be 50 per cent of the paid-up capital at any time, Sebi said in a notification dated August 13. The enhanced overall limit will be applicable for 10 years from the date of the company's incorporation. For companies trading on the mainboard, the annual sweat equity ceiling will also be 15 per cent, but the overall limit will be capped at 25 per cent.

https://www.business-standard.com/article/markets/sebi-notifies-relaxed-sweat-equity-rules-for-new-age-technology-firms-121081700868_1.html

CBIC sets four month deadline for closure of container depots & freight stations, streamlines procedure

The Central Board of Indirect Taxes and Customs (CBIC) streamlined procedure for closing inland container depots and container freight stations, limiting the time to four months. Finance ministry in a statement Tuesday said the procedures will provide relief to custodians of such ICDs and CFSs since there was no deadline for closure till now. ICDs and CFS play a vital role in the exim trade as they store and clear import and export goods. These facilities are notified under the Customs Act, 1962 and are administered by the Customs authorities.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/cbic-sets-four-month-deadline-for-closure-of-container-depots-frieght-stations-streamlines-procedure/articleshow/85395556.cms>

Economy

Auto scrappage policy to accelerate economic growth, boost job creation: Gadkari

Union Road Transport and Highways Minister Nitin Gadkari on Tuesday said the National Automobile Scrappage Policy will accelerate economic growth and boost employment generation in the country. Gadkari further said the launch of the vehicles scrappage policy is a win-win situation for both the Centre and states, as they will be earning up to Rs 40,000 crore in goods and services tax (GST). "The launch of the National Automobile Scrappage Policy by the prime minister was a 'historic decision'... It will accelerate economic growth and boost employment generation in the country," he said in a press conference. Gadkari pointed out that the automobile sector provides direct and indirect employment to 75 lakh persons.

<https://economictimes.indiatimes.com/news/economy/policy/auto-scrappage-policy-to-accelerate-economic-growth-boost-job-creation-gadkari/articleshow/85406191.cms>

Food prices rose less in the second wave of COVID-19: RBI Study

Trade turned opportunistic during the COVID-19 lockdowns as the mark-up on food prices was quite significant and the profit margins surged. But during the second wave, the magnitude of the mark up was lesser, said RBI. A study by RBI economists found that average retail price rose over 6 per cent for several pulses, over 3.5 per cent for most edible oils, 15 per cent for potato and 28 per cent for tomato in the 28 days post-lockdown -March 24-April 21, 2020- compared to the month preceding the lockdown. Also, the gap between the wholesale and retail price inflation increased during the lockdown period which was attributed to higher transaction costs faced by traders primarily due to transport restrictions.

<https://economictimes.indiatimes.com/news/economy/indicators/food-prices-rose-less-in-the-second-wave-of-covid-19-rbi-study/articleshow/85403763.cms>

Govt to increase support to startups; scale up incubators: IT minister Ashwini Vaishnaw

Minister of Electronics and IT Ashwini Vaishnaw said that the government plans to increase its support to startups and entrepreneurs in the initial risk phase-- which is the most challenging one. "To serve 1.3 billion people, India will scale up the network of incubators and accelerators to phenomenal levels in the next 3 years. They will be housed in institutions, industries and places where they add real value," Vaishnaw, who is also the minister for railways and telecom said on Tuesday.

<https://economictimes.indiatimes.com/news/economy/policy/govt-to-increase-support-to-startups-scale-up-incubators-and-accelerators-it-minister-ashwini-vaishnaw/articleshow/85401013.cms>

Banking and Finance

Auto-debit bounces dip in July, indicating bounce-back in economy

In an indication of easing financial stress among borrowers, the number of unsuccessful auto-debit requests through the National Automated Clearing House (NACH) platform declined in July, reversing a three-month trend that started with the second wave of the Covid-19 pandemic. According to the NACH data, of the 86.4-million transactions initiated in July, 33.23 per cent, or 28.7 million transactions, failed, while 57.7 million were successful. Compared to June, this is a significant improvement in bounce rates. In June, of a total of 87.8-million transactions initiated, over 36.5 per cent, or 32 million initiated, failed. In May, 35.91 per cent, or 30.8 million transactions, failed.

https://www.business-standard.com/article/economy-policy/auto-debit-bounces-dip-in-july-indicating-bounce-back-in-economy-121081701226_1.html

PFRDA can't allow investment in startups due to valuation process: Chairman

Pension fund regulator Supratim Bandyopadhyay said on Tuesday that allowing pension fund managers (PFMs) to invest in startups is not off the table but the valuation process of investing in these companies is a hurdle at present. The comments assume importance in the wake of reports that the government is holding talks with the Employees' Provident Fund Organisation (EPFO) and the Life Insurance Corporation (LIC) on investing in startups.

"All investments made by LIC and EPFO are not mark-to-market. Like mutual funds, we have to give the value of funds at the end of the day, which is called net asset value (NAV). Startups do not have valuation on a daily basis," the Pension Fund Regulatory and Development Authority (PFRDA) chairman said. All investments today by PFMs are valued at the end of the day, he said. "That is the basic thing that will be very difficult to maintain for PFMs if they go for startups right now, apart from the risk involved," he added.

https://www.business-standard.com/article/economy-policy/pfrda-can-t-allow-investment-in-startups-due-to-valuation-process-chairman-121081701020_1.html

'NPS' non-govt subscriber base crosses 3 mn-mark; corpus to hit Rs 1 trn'

The corporate and retail sector subscriber base under the National Pension System (NPS) has crossed over 30 lakh as on date, and the corpus under these is about to reach a landmark Rs 1 lakh crore-mark, PFRDA Chairman Supratim Bandyopadhyay said on Tuesday. NPS subscriber base data has five categories central government, state government, corporate, all citizen model, and NPS Lite. The 'all citizen model' refers to retail customers.

The government sector people joins NPS because they have the mandate to join it; but in the retail sector, people have the choice to join it or not. And, the number of people joining from this segment is going up, the chairman of the Pension Fund Regulatory and Development Authority (PFRDA) said on Tuesday.

"As of August 14, the non-government sector, which is the corporate and all citizen model, we have seen that the total onboarding (of subscribers) has crossed three million. In this, retail is a big landmark for us. "Three years ago, our subscriber was just about 13-13.5 lakh (March 2018) in retail and corporate," he told reporters at a virtual press meet.

https://www.business-standard.com/article/economy-policy/nps-non-govt-subscriber-base-crosses-3-mn-mark-corpus-to-hit-rs-1-trn-121081700925_1.html

Insurers look to IRDAI to hike premium

Amid mounting losses facing general insurers, the insurance regulator is understood to be examining the proposal to increase the premium for Covid-specific cover, but a decision is yet to be taken.

According to sources close to the development, the Insurance Regulatory and Development Authority of India (IRDAI) is set to call a meeting of the actuaries to further discuss the issue of re-pricing of Corona Rakshak and Corona Kavach policies.

<https://www.thehindubusinessline.com/money-and-banking/insurers-look-to-irdai-to-hike-premium/article35959620.ece>

Industry

Retail sales touch 72 per cent of pre-pandemic levels; businesses eye festive season boost: RAI

Retail sales across the country continued to recover in July, reaching 72 per cent of the pre-pandemic levels of July 2019, and businesses are pinning hopes on the festive seasons for a further boost, Retailers Association of India (RAI) said on Tuesday. According to the retailer's body, the rate of recovery was 50 per cent of pre-pandemic levels in June 2021.

In its latest business survey, RAI retail businesses in south India have indicated a very sharp comeback in July 2021 with sales at 82 per cent of the pre-pandemic levels (July 2019), as against 50 per cent sales in June 2021. However, west India is yet to improve, registering sales at 57 per cent of pre-pandemic levels (July 2019). "This is mainly because of prolonged curbs in Maharashtra that disrupted the smooth functioning of modern retail in the state," RAI said. In terms of categories, quick service restaurants (QSR) recovered the best in July 2021 with sales at 97 per cent of the pre-pandemic levels (July 2019). Yet, in July 2021, beauty and wellness, which includes salons, is still at 50 per cent of pre-pandemic sales, while apparel is at 63 per cent sales of the pre-pandemic levels.

<https://www.financialexpress.com/industry/retail-sales-touch-72-pc-of-pre-pandemic-levels-businesses-eye-festive-season-boost-rai/2312488/>

E-retail expected to become \$120-140 billion market by FY26: Bain & Company

The pandemic has been a watershed moment for India's online retail market as consumers increasingly turned to digital platforms for payments and purchases. The pandemic has been a watershed moment for India's online retail market as consumers increasingly turned to digital platforms for payments and purchases.

<https://www.thehindubusinessline.com/economy/e-retail-expected-to-become-120-140-billion-market-by-fy26-bain-company/article35955748.ece>

India's long steel makers to witness better margins and higher capacity utilisation in H2 of FY 22: ICRA

India's long steel product industry which caters to the infrastructure and construction sectors is set to witness improved margins and better capacity utilisation levels in the second half of the fiscal year amid rising demand and reduced input prices. "Following years of anaemic long-steel product demand, ICRA expects this construction activity to revive demand strongly, lifting the fortunes of large and small manufacturers alike," said the rating agency in a report on Tuesday.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/steel/indias-long-steel-makers-to-witness-better-margins-and-higher-capacity-utilisation-in-h2-of-fy-22-icra/articleshow/85401795.cms>

Agriculture

Moong rates slip below MSP as harvest begins

As the new moong bean (green gram) crop has begun to hit the markets in Karnataka, prices of the pulse seed are trending lower than the minimum support price (MSP) levels, triggering demand from growers for an early start of its procurement by the Government.

<https://www.thehindubusinessline.com/economy/agri-business/moong-rates-slip-below-msp-as-harvest-begins/article35963491.ece>

Infrastructure

Bengaluru-Mysuru expressway may be ready by July 2022

The 118-km six-lane Bengaluru-Mysuru expressway is expected to be completed by July next year, two months ahead of the deadline, said Mysuru-Kodagu MP Prathap Simha. "We are hopeful of completing two to three months earlier than the deadline as we are speeding things up with constant supervision and periodic reviews," Simha told ET.

<https://economictimes.indiatimes.com/news/economy/infrastructure/bengaluru-mysuru-expressway-may-be-ready-by-july-2022/articleshow/85391284.cms>

Developers shut malls in Maharashtra due to impractical rules, seek vaccination condition review

Within two days of resuming operations following the government of Maharashtra's directives, malls across the state have decided on their own to close down the operations given the impractical mandated conditions. One of the key conditions is complete vaccination of employees and customers to enter the malls and this, according to mall developers and retailers, is impractical and therefore needs to be reviewed.

<https://economictimes.indiatimes.com/industry/services/retail/developers-shut-malls-in-maharashtra-due-to-impractical-rules-see-vaccination-condition-review/articleshow/85401724.cms>

FIABCI appeals to the central government for one country, one license for real estate brokers

The Indian chapter of the international real estate body for Realtors, the FIABCI has urged the central government for a single license for brokers to operate throughout the country irrespective of the state they belong to. This will enable Realtors and all brokers to carry out their business across all states in the country seamlessly.

<https://economictimes.indiatimes.com/industry/services/property/-/cstruction/fiabci-appeals-to-the-central-government-for-one-country-one-license-for-real-estate-brokers/articleshow/85402077.cms>

Energy

Diesel price rise blows Rs 700-crore hole for Coal India in first quarter of FY22

Mining major Coal India suffered losses to the tune of Rs 700 crore in the April-June quarter owing to a sharp rise in diesel prices, a top company official said. "In the quarter (under review), we lost about Rs 700 crore as diesel prices increased by about 35 per cent. It was in the range of Rs 66-67 and now at around Rs 89. This has been a substantial rise," Coal India Chairman Pramod Agarwal said during a recent earnings conference call. The state-run miner has been drawing up plans to replace its diesel-run heavy machinery with LNG-fired equipment, and adding 1,500 electric vehicles to its fleet in the next five years to support carbon emission cuts. CIL has envisaged creating a carbon offset of around 2.5 lakh tonnes over the next five years, the Kolkata-headquartered company said. It has also taken initiatives for a pilot project in collaboration with GAIL (India) Ltd in some mining sites before starting bulk use of LNG.

<https://www.financialexpress.com/industry/diesel-price-rise-blows-rs-700-crore-hole-for-coal-india-in-first-quarter-of-fy22/2312554/>

PNGRB plans to offer 65 city gas distribution licenses in next bidding round

The Petroleum and Natural Gas Regulatory Board (PNGRB) plans to offer 65 city gas distribution licenses in the next bidding round. Bids will soon be invited for the 65 Geographical Areas (GA) identified for the eleventh bidding round, the downstream regulator said in a public notice. The exact dates for the bidding will be announced shortly. These GA are spread over 20 states and union territories. Tamil Nadu will have nine geographical areas on offer, the highest of any state in the eleventh round. Eight GA will be offered in each Maharashtra and Chhattisgarh.

<https://economictimes.indiatimes.com/industry/energy/oil-gas/pngrb-plans-to-offer-65-city-gas-distribution-licenses-in-next-bidding-round/articleshow/85397401.cms>

States

Assam govt relaxes curfew timings, allows inter-district movement

Curfew timings have been relaxed and inter-district movement of passengers allowed, except to and from Kamrup Metropolitan district, as per the revised COVID-19 SOP for the state, Assam Health Minister Keshab Mahanta said on Tuesday. The new guidelines, which also permits the opening of final year classes of technical education, will be effective from 5 am on Wednesday until further orders, he added. These orders will be applicable throughout the state. Addressing a press conference here, the minister said the decision to relax the SOP was taken at a meeting on Monday evening, chaired by the chief minister, in view of improvement in the overall COVID situation in the state. He said, "The number of new COVID-19 cases has been coming down in the state. But, the situation in Guwahati is not satisfactory. We are keeping a close watch." As per the revised guidelines, all shops, commercial establishments, offices, banks, will be allowed to remain open till 6 pm and curfew will be clamped from 7 pm to 5 am.

https://www.business-standard.com/article/current-affairs/assam-govt-relaxes-curfew-timings-allows-inter-district-movement-121081700508_1.html

W Bengal govt launches integrated portal for SMBs

In an attempt to ease processes, especially for small businesses, the West Bengal government has introduced an online facility to provide necessary clearances for three services required to start a venture.

<https://www.thehindubusinessline.com/companies/msme/w-bengal-govt-launches-integrated-portal-for-smb/article35952961.ece>

External

Govt likely to withdraw sugar export subsidies from new season

India is expected to withdraw sugar export subsidies from the new season beginning October as a sharp rise in global prices makes it easier for Indian mills to sell the sweetener on the world market, a top government official said on Tuesday. "The government is not considering any subsidy at the moment for next year," Sudhanshu Pandey, the most senior civil servant at the Ministry of Consumer Affairs, Food and Public Distribution, told Reuters in an

interview. "Under current circumstances, as we see the scenario, there appears to be no need to have the support of the subsidy. If exports can happen on their own, then it's also better for the global market that no subsidy is provided," he said. India, the world's biggest sugar producer after Brazil, incentivised overseas sales for three years in a row, helping New Delhi emerge as a significant, stable exporter of the commodity. Rival suppliers have often opposed India's sugar export subsidies. After protests from Brazil, Australia, and Guatemala, the World Trade Organization (WTO) in 2019 decided to set up panels to rule on complaints against India's export subsidies for sugar. https://www.business-standard.com/article/economy-policy/govt-likely-to-withdraw-sugar-export-subsidies-from-new-season-121081700859_1.html

Pandemic has IFC pumping \$1.7 billion into local companies, up 51%

The pandemic has led to the International Finance Corporation massively ramping up its impact investment in the country - its largest client nation globally - at USD 1.7 billion as of June, a 51 per cent rise over the past 12 months, the largest developmental lender into third world private sector said on Tuesday. This is nearly half of its investment in the whole of South Asia since the pandemic, which touched USD 3.8 billion as of June 2021, it said.

"Our total commitment to India, which is our largest client country globally, at the end of June stood at USD 1.7 billion representing an increase of over 51 per cent from last year," IFC vice-president for Asia and the Pacific region Alfonso Garcia Mora said in a statement. Since the pandemic that began inflicting the world since March 2020, the IFC has been focusing on sustainable investments in South Asia in its bid to protect the most vulnerable people and help companies maintain operations and jobs.

https://www.business-standard.com/article/economy-policy/pandemic-has-ifc-pumping-1-7-billion-into-local-companies-up-51-121081700682_1.html

Indian firms face uncertainty over political turmoil in Afghanistan

The ongoing political turmoil in Afghanistan has impacted a number of Indian companies, including WAPCOS Ltd, KEC International Ltd, Kalpataru Power Transmission Ltd and smaller exporters of sugar, cereal, textile, pharma, spices and transmission machinery.

<https://www.thehindubusinessline.com/economy/indian-firms-face-uncertainty-over-political-turmoil-in-afghanistan/article35963741.ece?homepage=true>



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