



February 15, 2022 – Tuesday

Key Developments

Ministry of Corporate Affairs introduces detailed CSR disclosure framework

The government has put in place a detailed disclosure framework for CSR spending by companies, with experts saying the move will help enhance transparency but at the same time, is also likely to increase the compliance burden. Form CSR-2 (Report on Corporate Social Responsibility) has been notified by the corporate affairs ministry. Under the Companies Act, 2013, certain class of profitable entities are required to shell out at least 2 per cent of their three-year annual average net profit towards CSR activities in a particular financial year. The form requires companies concerned to provide details about the CSR amount spent against ongoing projects as well as those other than ongoing projects.

https://economictimes.indiatimes.com/news/company/corporate-trends/ministry-of-corporate-affairs-introduces-detailed-csr-disclosure-framework/articleshow/89571836.cms?utm_source=ETTopNews&utm_medium=HPTN&utm_campaign=AL1&utm_content=23

Economy

After 7 months, retail inflation breaches RBI upper tolerance limit in Jan

India's retail inflation rate breached the upper tolerance limit of the central bank after a gap of seven months in January while wholesale price inflation rate remained in double digits for the tenth consecutive month, making inflationary management challenging amid faltering growth in Asia's third largest economy. Data released by the statistics department showed consumer price index (CPI) based inflation rate touched 6.01 percent in January driven by food and beverages, clothing and footwear. An unfavourable base effect led to a sharp turnaround in vegetables from a disinflation of 3 percent in December 2021 to a 14-month high inflation of 5.2 percent in January 2022. However, core inflation that excludes volatile food and fuel prices eased to 5.82 percent in January from 5.85 percent in the preceding month.

https://www.business-standard.com/article/economy-policy/after-7-months-retail-inflation-breaches-rbi-upper-tolerance-limit-in-jan-122021401579_1.html

WPI inflation eases to 12.96% in Jan from 13.56% in the previous month

India's wholesale price inflation rate eased in January but remained in double digits for the 10th consecutive month amid rising crude oil prices. Data released by the industry department showed wholesale price index (WPI)-based inflation rate decelerated to 12.96 per cent in January from 13.56 per cent in the preceding month. During January, while inflation for manufactured items eased to 9.42 per cent, food inflation rate accelerated to double digits at 10.33 per cent mostly due to an unfavourable base. Fuel inflation rate marginally eased to 32.27 per cent in January from 32.3 per cent in December. The decline in inflation rate for manufactured products was led by products including food, beverages, tobacco, textiles, wood, paper, chemicals, rubber, cement, basic metals, steel among others.

https://www.business-standard.com/article/economy-policy/wpi-inflation-eases-in-jan-remains-in-double-digits-for-10th-straight-mth-122021400614_1.html

Latest Covid-19 wave had muted impact on growth, business activity back to pre-third wave level, report says

The last week saw a pick-up in business activity to the pre-third COVID-19 wave levels, a Japanese brokerage said on Monday. The Nomura India Business Resumption Index, a weekly measure of activity in comparison to the pre-pandemic level, rose to 119.5 for the week ended February 13 from 114.2 in the prior week, which is a 19.5 percentage points (pp) above pre-pandemic levels. "This is a 17.7pp recovery in the NIBRI from its nadir and almost fully compensates for the third wave losses," the Japanese brokerage said. It said mobility indicators are returning to pre-third wave levels, pointing out that Google workplace and retail and recreation mobility rose by 5.6 pp and 7.9 pp, respectively, while the Apple driving index rose by 18 pp. The labour participation rate inched lower to 40.3 per cent from 40.5 per cent in the previous week, while power demand fell by 1.5 per cent week on week as payback from the preceding week's 13.3 per cent rise, it said.

<https://www.financialexpress.com/economy/latest-covid-19-wave-had-muted-impact-on-growth-business-activity-back-to-pre-third-wave-level-report-says/2433666/>

Banking and Finance

Discussions on with RBI over digital currency: Nirmala Sitharaman

Finance Minister Nirmala Sitharaman on Monday said discussions with regard to central bank-backed digital currency have been going on with the Reserve Bank and a decision will be taken after due deliberations. Sitharaman in her Budget speech on February 1 had announced that Digital Rupee or Central Bank Digital Currency (CBDC) would be issued by the RBI in the coming fiscal year. She had also announced the government will levy 30 per cent tax on gains made from any other private digital assets from April 1. Replying to questions after addressing the RBI's Central Board of Directors here on Monday, Sitharaman said the central bank and the government are on board regarding digital currencies.

<https://economictimes.indiatimes.com/news/economy/policy/discussions-on-with-rbi-over-digital-currency-nirmala-sitharaman/articleshow/89565439.cms>

Auto-debit payment bounce rates in January lowest since August 2019

Despite the Omicron wave being at its peak in January, auto-debit payment bounces or bounce rate by value for the month was the lowest since August 2019 (pre-pandemic period). This indicates that asset quality of lenders has been improving steadily. Bounce rate has been trending downwards since July 2021, as the second wave of the pandemic receded. According to National Automated Clearing House (NACH) data, in January, the bounce rate in volume terms stood at 29.6 per cent and in value terms it was 23.4 per cent.

https://www.business-standard.com/article/economy-policy/auto-debit-payment-bounce-rates-in-january-lowest-since-august-2019-122021400013_1.html

Unclaimed amount lying with LIC bigger than budgets of entire ministries

The amount of money lying unclaimed with the Life Insurance Corporation of India dwarfs the budgets of many ministries. There was Rs 21,539.5 crore which lay unclaimed with India's largest insurance company, according to details in the initial public offer (IPO) document it filed over the weekend. The regulatory documentation is ahead of LIC selling shares to the public through the stock exchange for the first time this financial year. This will be India's largest ever public listing. Unclaimed amounts include settled claims which haven't been paid out, sums which become due when policies mature as well as excess amounts paid which are to be refunded. The largest amount due is because of policies matured but where the money hasn't reached the investor. They account for Rs 19,285.6 crore or nearly 90 per cent of the total amount.

https://www.business-standard.com/article/companies/unclaimed-amount-lying-with-lic-bigger-than-budgets-of-entire-ministries-122021401593_1.html

Asset quality issues to affect realty-focused non-banks till FY23: Study

The real estate asset under management (AUM) of non-banks, which registered degrowth of 10 per cent in 2021, is likely to further contract by 5-10 per cent in 2022 and stabilise in the next year, says a report. The performance of non-banks (non-banking financial companies and housing finance companies) in recent years has been marred by several challenges as entities have grappled with fund-raising challenges and asset quality issues, domestic rating agency Icria Ratings said in a report on Monday. The outlook for real estate-oriented non-banks remains negative due to the asset quality pressures over the near to medium term and the muted growth expectation, the agency said. The real estate AUM of non-banks contracted by 17.64 per cent to Rs 2.8 lakh crore as of March 2021 from Rs 3.4 lakh crore as of March 2019.

https://www.business-standard.com/article/finance/asset-quality-issues-to-affect-realty-focused-non-banks-till-fy23-study-122021401063_1.html

Microfinance industry sees flat YoY growth in September 2021: Report

The microfinance industry has recorded a flat year-on-year (YoY) growth as of September 2021 quarter from the year-ago period as the portfolio outstanding stood at Rs 2,26,123 crore in comparison to Rs 2,27,843 crore during September 2020 quarter, according to the data from the latest Equifax and SIDBI report on microfinance industry launched on Monday. Quarterly, the industry saw 2 per cent growth from Rs 2,22,060 crore in portfolio outstanding in June 2021. Only non-banking financial companies-microfinance institutions (NBFC-MFIs) witnessed YoY growth in portfolio outstanding at 13 per cent while banks and not-for-profit MFIs saw flat growth. Small finance banks (SFBs) and NBFCs registered YoY degrowth from 18 per cent to 16 per cent and 9 per cent to 7 per cent respectively during the said period.

<https://www.financialexpress.com/industry/sme/msme-fin-microfinance-industry-sees-flat-yoy-growth-in-september-2021-report/2433749/>

Industry

Timeline for applying to PLI scheme for textiles extended till Feb 28

The Ministry of Textiles has further extended the timeline for submission of applications under the PLI scheme for textiles till February 28. This will give prospective investors more time to frame their proposals.

“Earlier the date of submission of online application under PLI scheme for textiles was up to January 31 which was extended till February 14,” a statement issued by the Textiles Ministry elaborated. With this extension in the timeline, investors in the textile sector are now getting a total of two months to put in their final applications, which is roughly the time allowed by other Ministries under the scheme, an official told BusinessLine.

<https://www.thehindubusinessline.com/economy/timeline-for-applying-to-pli-scheme-for-textiles-extended-till-feb-28/article65049537.ece>

PLI for auto to create 7.5 lakh additional jobs in 5 years, says official

The Production Linked Incentives Scheme for the automobile and auto components sector will lead to creation of 7.5 lakh additional jobs and incremental production worth Rs 2,31,500 crore over the next five years, a top official said on Monday. Ford, Tata Motors, Suzuki, Hyundai, Kia and Mahindra & Mahindra are among the 20 companies that will be eligible for receiving incentives under the Production Linked Incentives (PLI) Scheme for the automobile and auto components sector, PTI reported last week. The applicants have been approved under the Champion Original Equipment Manufacturers (OEM) Incentives scheme. “The 20 companies we selected have committed an investment of more than Rs 45,000 crore. So as per our scheme target, our scheme is of Rs 25,938 crore, so we expect this will lead to incremental production of Rs 2,31,500 crore,” Secretary in the Heavy Industry Ministry Arun Goel told PTI in an interview.

https://www.business-standard.com/article/economy-policy/pli-for-auto-to-create-7-5-lakh-additional-jobs-in-5-years-says-official-122021401680_1.html

To attract more Japanese investments, Indian officials share information on land, infrastructure

In a bid to woo more Japanese investment into the country, senior officials from the Department for Promotion of Industry & Internal Trade (DPIIT) and various State governments made a presentation to officials from Japan’s Ministry of Economy, Trade and Industry (METI) on the developed land and infrastructure readily available for Japanese investors in Japanese Industrial Townships (JITs) across the country. “The emerging sectors that offer new

opportunities to attract Japanese investments into the JITs were highlighted, besides showcasing opportunities for investment in sectors such as Information and Communications Technologies, Renewable Energy, Electric Vehicles, Drones, Robotics and Textiles," according to an official release issued by the DPIIT on Monday following a joint meeting of officials from India and Japan to review the JITs.

<https://www.thehindubusinessline.com/economy/to-attract-more-japanese-investments-indian-officials-share-information-on-land-infrastructure/article65049065.ece>

Infrastructure

Outlook on real-estate oriented non-banks remains negative: ICRA

The outlook for real estate oriented non-banks (non-banking financial companies and housing finance companies) remains negative in view of the asset quality pressures over the near to medium term and the muted growth expectation, according to ICRA.

The real estate assets under management (AUM) of these non-banks is expected to contract further by 5-10 per cent in the current fiscal, the rating agency said. Their AUM had registered 10 per cent de-growth in FY2021. AUM of the non-banks is expected to stabilise in FY2023 (0-5 per cent degrowth), as per ICRA's projection.

Real estate gross non-performing assets (GNPAs) for non-banks had increased to 6.8 per cent as of September 2021 from 6.2 per cent as of March-end 2021 (5.1 per cent as of March 2020). ICRA expects an increase of 180-250 basis points (bps) in GNPAs in the real estate segment in FY2022.

<https://www.thehindubusinessline.com/money-and-banking/outlook-on-real-estate-oriented-non-banks-remains-negative-icra/article65048375.ece>

Energy

India's coal production rises 6% to 79.60 million tonnes in January

India's coal output registered an increase of 6.13 per cent to 79.60 million tonnes in January, the government said on Monday. India's coal output stood at 75 million tonnes (MT) in January 2020. "India's coal production increased by 6.13 per cent to 79.60 million tonnes...during Jan 2022 as compared to the same month 2020," the coal ministry said in a statement. Coal production of FY'22 has been compared with FY'20 as FY'21 has been considered an abnormal year due to the COVID-19 pandemic.

As per the provisional data of the coal ministry, out of the total production during January this year, Coal India Ltd (CIL) achieved a growth of 2.35 per cent by producing 64.50 MT. Singareni Collieries Ltd (SCCL) posted a growth of 5.42 per cent by producing 6.03 MT and captive blocks achieved a jump of 44.91 per cent by producing 9.07 MT of the dry fuel during the period.

https://www.business-standard.com/article/economy-policy/india-s-coal-production-rises-6-to-79-60-million-tonnes-in-january-122021401619_1.html

Coal supply to non-power sector declines in January 2022

The coal supply to non-power sector (NPS) industries such as captive power plants (CPP), steel, cement, sponge iron and others declined in January 2022 compared to the same month in 2020. Cumulatively, last month, these five segments were supplied 12.33 million tonnes (MT) of coal, a decline of 17.42 per cent against January 2020.

Overall, the total coal despatched by Coal India (CIL), its subsidiaries, Singareni Collieries Company (SCCL) and captives rose 10.80 per cent to 75.55 MT in January this year, compared to January 2020. However, the growth is largely attributed to the increase in coal supply to the power sector, which rose 18.70 per cent to 63.22 MT in January 2022 against January 2020.

<https://www.thehindubusinessline.com/economy/coal-supply-to-non-power-sector-declines-in-january-2022/article65049421.ece>

New levy on unblended petrol and diesel likely to lead to price hike

A proposal in the Union Budget 2022-23 to raise excise duty on dirtier, unblended retail petrol and diesel has met with some resistance from the petroleum ministry. However, finance ministry officials say no such communication arguing against the levy of extra duty on diesel has been received from the oil ministry. Until there are discussions between the two departments, the proposal will not be tweaked in the Finance Bill.

https://www.business-standard.com/article/economy-policy/new-levy-on-unblended-petrol-and-diesel-likely-to-lead-to-price-hike-122021400016_1.html

Healthcare

Subject Expert Committee recommends EUA for BE's Covid jab Corbevax for 12-18 years age group

The Subject Expert Committee (SEC) under India's drug regulator today recommended granting Emergency Use Approval (EUA) to Corbevax for use in children between 12 to less than 18 year age group. The Drug Controller General of India (DCGI) will take a final call on the SEC recommendation. Biological E, manufacturers of Corbevax had approached the drug regulator seeking emergency use approval for its vaccine-Corbevax. "The company presented its data before the expert group on Monday," people in the know told ET. At present children between the age group of 15-17 years are eligible to receive only Covaxin shots.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/healthcare/subject-expert-committee-recommends-eua-for-bes-covid-jab-corbevax-for-12-18-years-age-group/articleshow/89573641.cms>

Molnupiravir safe for non-pregnant, unvaccinated people: Study

Molnupiravir, an antiviral drug which recently got emergency use authorisation from the Drugs Controller General of India (DCGI) for mild to moderate cases, is safe for use in adults, a new study has revealed. According to the study, a five-day course for adults who are non-pregnant and unvaccinated Covid-19 patients, is effective and safe and can prevent further disease progression and hospitalisation requirements. The study was conceived by Dr Anoop Misra, Padma Shri, Executive Chairman and Director, Diabetes and Endocrinology, Fortis C-DOC and conducted jointly by G. D Hospital & Diabetes Institute, Jawaharlal Nehru Medical College & Hospital, Fortis C-DOC Hospital for Diabetes & Allied Sciences, National Diabetes, Obesity and Cholesterol Foundation and Diabetes Foundation, Fortis Healthcare said Monday in a release.

<https://www.thehindubusinessline.com/news/molnupiravir-safe-for-non-pregnant-unvaccinated-people-study/article65049907.ece>

External

Center reduces agri-cess from crude palm oil to check edible oil prices

The central government has reduced agri-cess for crude palm oil (CPO) from 7.5% to 5% with effect from February 12, it said. "Post reduction of the agri-cess, the import tax gap between CPO and Refined Palm Oil has increased to 8.25%, " it said in a statement. It has also invited industry players for a meeting on Tuesday. This will provide relief to consumers and help in keeping a check on any further rise in the prices of domestic edible oils, it added.

<https://economictimes.indiatimes.com/news/economy/policy/center-reduces-agri-cess-from-crude-palm-oil-to-check-edible-oil-prices/articleshow/89570649.cms>

Import of crude palm oil down, RBD palmolein shipments up in January

Import of RBD palmolein went up by 459 per cent in January compared with December and that of crude palm oil (CPO) declined by 23 per cent. According to Solvent Extractors' Association of India (SEA) data, India imported 1.34 lakh tonnes (lt) of RBD palmolein during January against 24,000 tonnes in December in r November 2021-October 22 oil year, recording a growth of 459 per cent. India had imported only 2,701 tonnes of RBD palmolein in January 2021. Import of CPO came down to 4.07 lt during January against 5.28 lt in December 2021 showing a decline of 22.82 per cent. India had imported 7.67 lt of CPO in January 2021. BV Mehta, Executive Director of SEA, said the reduction in effective import duty on palmolein (refined palm) from 19.25 per cent to 13.75 per cent without simultaneous reduction in import duty on CPO, with effect from December 20, has reduced the effective duty difference from 11 per cent to 5.5 per cent. This has led to the increased imports of refined palmolein at the cost of CPO, which is the raw material for domestic refineries.

<https://www.thehindubusinessline.com/economy/agri-business/import-of-crude-palm-oil-down-rbd-palmolein-shipments-up-in-january/article65048260.ece>

Staring at loss, pulses trade wants govt to reconsider curbs on moong imports

With the sudden change in moong bean import policy, the importers are staring at a loss running into few hundred crores as cargo of up to 50,000 tonnes was getting prepared to be shipped before March 31 from places such as Myanmar and East Africa, trade sources said. The Centre in a notification on February 11 put imports of moong beans in the “restricted” category from “free” with immediate effect. “We cannot quantify the losses, though its going to be enormous. This sudden change in policy will lead to lot of issues such as defaults, litigations and suppliers losing confidence among others,” said Bimal Kothari, Vice-Chairman, Indian Pulses and Grains Association (IPGA), the apex trade body.

<https://www.thehindubusinessline.com/economy/agri-business/staring-at-loss-pulses-trade-wants-govt-to-reconsider-curbs-on-moong-imports/article65049178.ece>

Miscellaneous

PM congratulates space scientists on successful launch of PSLV C52 mission

Prime Minister Narendra Modi congratulated India's space scientists on Monday on the successful launch of PSLV C52 mission. Marking the first launch mission of the year 2022, Indian Space Research Organisation's earth observation satellite EOS-04 and two small satellites were successfully placed into the intended orbit by the PSLV-C52 rocket on Monday, a feat described by the ISRO as a "marvellous accomplishment".

<https://economictimes.indiatimes.com/news/india/pm-congratulates-space-scientists-on-successful-launch-of-pslv-c52-mission/articleshow/89561112.cms>