



March 03, 2022 – Thursday

Key Developments

Prime Minister Modi chairs high-level meeting on Ukraine crisis

Prime Minister Narendra Modi chaired a high-level meeting on Wednesday night on the Ukraine crisis as India stepped up its efforts to evacuate its citizens, mostly students, from the country under attack from Russia. External Affairs Minister S Jaishankar and his Cabinet colleague Piyush Goyal besides senior officials attended the meeting. Modi has held a series of meetings since Sunday to spearhead India's efforts to safely bring back its nationals, asserting that this is his government's top priority.

https://economictimes.indiatimes.com/news/india/prime-minister-modi-to-chair-high-level-meeting-on-ukraine-issue-tonight/articleshow/89952052.cms?utm_source=ETTopNews&utm_medium=HP&utm_campaign=TN&utm_content=23

Govt seeks stakeholder inputs on IPR issues in proposed trade pact with Canada

The government on Wednesday sought suggestions from stakeholders and industry bodies on intellectual property rights (IPR) issues in the possible trade agreement between India and Canada. The Department for Promotion of Industry and Internal Trade (DPIIT) said that the two sides are discussing a trade agreement which has a “possibility of an interim agreement” on a wide range of areas of mutual interest. “The department is currently engaging in a scoping and contouring exercise for the IPR chapter under the proposed trade agreement,” it said in a statement, asking the stakeholders to submit the details latest by March 21, 2022.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/govt-seeks-stakeholder-inputs-on-ipr-issues-in-proposed-trade-pact-with-canada/articleshow/89954298.cms>

Economy

Mfg PMI improves to 54.9 in Feb after 4-mth low in Jan as Covid curbs ease

India's manufacturing activity picked up in February as state governments lifted Covid restrictions with waning of the third wave while favourable demand conditions supported an improvement in sentiment which reached the strongest since last October. However, a spike in commodity prices owing to the unfolding Russia-Ukraine war and likely disruption in overseas shipments may put downward pressure on domestic manufacturing activity. Data released by the IHS Markit showed India's Manufacturing Purchasing Managers' Index (PMI) improved to 54.9 in February after dropping to a four month low at 54 in January as the Omicron variant of Covid-19 spread rapidly throughout the country. A print above 50 is considered expansion while a level below 50 is considered contraction in manufacturing activity.

https://www.business-standard.com/article/economy-policy/mfg-pmi-improves-to-54-9-in-feb-after-4-mth-low-in-jan-as-covid-curbs-ease-122030200731_1.html

Govt prepared, studying impact of financial sanctions on Russia: Anantha Nageswaran

As Russia continues to wage war in Ukraine and faces international sanctions, there are new concerns around how all of it will impact India in terms of growth forecasts and inflation, among other things. V Anantha Nageswaran,

India's chief economic advisor, tells E Kumar Sharma of FinancialExpress.com in an emailed interview: "We have some idea of the range of impacts. But, what actually pans out would depend on the length and depth of the conflict and the impact on oil supply and price." Excerpts:

<https://www.financialexpress.com/economy/govt-prepared-studying-impact-of-financial-sanctions-on-russia-anantha-nageswaran/2449490/>

Banking and Finance

Banks concerned as trade settlements with Russia stall in face of sanctions

Indian banks are scrambling after bills for imports from Russia have started bouncing and payments for exports have been stuck in the wake of sanctions imposed by the west on Russia following its invasion of Ukraine. "Due to the various sanctions the payment settlements have halted and that's a concern for banks right now. This has been shared by lenders with the central bank and the industry body," said a senior banking source involved in the discussions. The Reserve Bank of India has met with select bankers and is trying to assess the exposure that lenders have to Russia and to Ukraine and the impact it may have on Indian banks, said another senior banking executive. The extent of the payments that are stalled is not clear at the moment and the regulator is trying to assess it.

https://www.business-standard.com/article/finance/banks-concerned-as-trade-settlements-with-russia-stall-in-face-of-sanctions-122030200852_1.html

Improving customer experience spurs AI use in BFSI, says report

Enhancing customer experience is the top reason Indian financial services organisations' cited for the implementation of artificial intelligence (AI), according to a PwC-FICCI report, titled "Uncovering the ground truth: AI in Indian financial services." Sudipta Ghosh, partner and leader – data and analytics, PwC India, said: "The Indian financial services sector is already using AI as a key enabler for enhancing customer experience, improving operational efficiency and managing business risks. Maturity of using and adopting AI-enabled solutions with a deeper understanding of not just the business case, technology and data, but also the risks around security, privacy and accountability will differentiate the leaders from the rest."

https://www.business-standard.com/article/companies/improving-customer-experience-spurs-ai-use-in-bfsi-says-report-122030200050_1.html

Govt to reassess LIC IPO timing in view of Ukraine crisis

With Russia-Ukraine war showing no signs of abating, the government is reassessing the timing of LIC-IPO to get the maximum value of its holding in the State-owned insurance behemoth. "It's a full blown war now, so we will have to assess the situation for going ahead with LIC IPO," highly-placed Government sources said.

<https://www.thehindubusinessline.com/economy/policy/govt-to-reassess-lic-ipo-timing-in-view-of-ukraine-crisis/article65183515.ece>

TransUnion CIBIL CMI indicates a stable retail credit market

Indicating improvement in economic activities and consumer sentiment, the Credit Market Indicator (CMI) of TransUnion CIBIL rose up to 91 in November 2021, up four points from August last year. This was a significant increase from the low of 79 in February 2021. "The latest TransUnion CIBIL CMI showed credit demand continued to grow," it said in a statement on Wednesday.

<https://www.thehindubusinessline.com/money-and-banking/transunion-cibil-cmi-indicates-a-stable-retail-credit-market/article65183168.ece>

Assets of alternative investment funds grow 38 per cent in 2021, cross ₹6 lakh crore

Alternative investments are increasingly becoming mainstream. Thanks to their low correlation to public markets, alternative investment funds (AIF) are emerging as the preferred investment route for high networth individuals (HNIs) and family offices, who seek higher risk-adjusted returns and diversification from traditional equity, debt and other asset classes. As per SEBI data, the total assets of AIF, on a year-on-year basis, jumped 38 per cent to ₹6.09-lakh crore as of December 2021 from ₹4.42-lakh crore in the year ago period. The growth rate was even higher than

the entire mutual fund industry, whose assets grew 22 per cent to ₹37.91-lakh crore from ₹31.02-lakh crore during the comparable period. Total assets of AIF were only ₹3.70-lakh crore as of March 2020.

<https://www.thehindubusinessline.com/data-stories/data-focus/assets-of-alternative-investment-funds-grow-38-per-cent-in-2021-cross-6-lakh-crore/article65183095.ece>

India Inc mops up \$3 b more via ECBs in Jan 2022 vs Dec 21

India Inc raised \$3.1211 billion more via external commercial borrowings (ECBs) in January 2022 vis-a-vis the preceding month in the backdrop of indications that global interest rates are headed north. Reliance Industries Ltd (RIL) alone accounted for 60.33 per cent of the total ECBs aggregating \$7.8966 billion raised by Indian companies in January 2022, per Reserve Bank of India data.

<https://www.thehindubusinessline.com/money-and-banking/india-inc-mops-up-3-b-more-via-ecbs-in-jan-2022-vs-dec-21/article65184687.ece>

Industry

Fall in rural wage, labour crunch in urban areas hit construction sector

Industry veterans feel a dip in rural wages, unemployment, unprecedented rains and labour shortage in urban areas are the key reasons for the contraction of 2.8 per cent in the construction sector during Q3. The construction sector's figures were part of the GDP numbers released recently by the National Statistical Office (NSO). Corporate players are expecting construction activity to pick up during the current quarter. However, many of them say that sectors like cement are not seeing demand rise compared to a normal fourth quarter.

https://www.business-standard.com/article/economy-policy/fall-in-rural-wage-labour-crunch-in-urban-areas-hit-construction-sector-122030200062_1.html

Aluminium industry body urges PMO to ensure coal supply on priority

The Aluminium Association of India (AAI) on Wednesday said that non-power industries, including aluminium companies, has been "plagued" by a protracted coal shortage for the past seven months and urged the Prime Minister's Office (PMO) to ensure on priority a supply of at least 25-30 coal rakes per day to the sector. The Association warned that disruptions in the aluminium sector's production will have a negative effect on India's industrial landscape. To highlight the severity of the crisis, the AAI has written to the Prime Minister's Office seeking an urgent and immediate resumption of coal supplies to ensure the survival of the domestic industry. The ongoing V-shaped recovery of the Indian economy could receive a severe blow due to the situation faced by the aluminium sector, it said.

https://www.business-standard.com/article/economy-policy/aluminium-industry-body-urges-pmo-to-ensure-coal-supply-on-priority-122030200910_1.html

FMCG companies expect Holi to bring 20% jump in sales; here's what people will buy most this festive season

The Holi festival season this month is likely to bring cheer for the FMCG industry, with companies selling packaged snacks, sweets, and other food products expecting to increase sales and order volumes by up to 20 per cent. FMCG firms such as Parle, ITC, Adani Wilmar, Bikano, and others, and even Dairy companies like Amul are betting big on Holi this year after two consecutive years of almost no festive cheer due to Covid-induced mobility curbs and restrictions. "This year, we are expecting a huge, that is, around 25-30 per cent jump in (sales) numbers as compared to 2020 and 2021, especially on the back of e-commerce and modern trade doing well and also, general trade to some extent," Krishnarao Buddha, Senior Category Head, Parle Products, told Financial Express Online.

<https://www.financialexpress.com/industry/fm-cg-companies-expect-holi-to-bring-20-jump-in-sales-heres-what-people-will-buy-most-this-festive-season/2449248/>

India's FMCG value grew 9.6% in Oct-Dec due to price increases, NielsenIQ

India's fast-moving consumer goods (FMCG) industry quarter grew 9.6 per cent growth in the October-December quarter over last year due to double digit increase in prices for three successive quarters. However, the sector witnessed a volume degrowth of 2.6 per cent this quarter due to inflationary pressure, and other macro-economic factors in the country, according to NielsenIQ.

https://www.business-standard.com/article/companies/india-s-fmcg-value-grew-9-6-in-oct-dec-due-to-price-increases-nielsenq-122030200605_1.html

Used-car sales zoom on growing demand

The uptick in passenger vehicle sales in recent months has had a domino effect on the used cars market which is growing due to pent-up demand. Industry veterans predict the growth to continue in the coming months. According to Shashank Srivastava, Senior Executive Director (Marketing and Sales) Maruti Suzuki India (MSIL), the growth was around 17-18 per cent in the replacement buying segment last year. It is now up 5-6 percentage points and fast approaching pre-pandemic levels.

<https://www.thehindubusinessline.com/economy/used-car-sales-zoom-on-growing-demand/article65184128.ece>

Agriculture

Cooking oils prices show no signs of cooling amid cut in sunflower oil supply

Cooking oil prices in retail markets across the country have increased almost every month in the past year, despite the Union government taking several measures to cool them. With the global supply of sunflower oil now affected due to the Russia-Ukraine war, any immediate relief for consumers is unlikely. According to data compiled by Consumer Affairs Ministry, pan-India average retail prices of groundnut oil, mustard oil, vanaspati, soyabean oil, sunflower oil and palm oil were between ₹137.3 and ₹191.88 per litre in February and were 10.8-31.7 per cent higher from the levels a year-ago.

<https://www.thehindubusinessline.com/economy/agri-business/cooking-oils-prices-show-no-signs-of-cooling-amid-cut-in-sunflower-oil-supply/article65183869.ece>

Energy

Government receives 26 bids for 11 coal mines

The Ministry of Coal said on Wednesday it has received 26 bids for 11 coal mines that have been put for sale under the fourth tranche of auction. "The process of the fourth tranche of the auction of coal mines for sale of coal was launched by the Nominated Authority, Ministry of Coal on December 16, 2021. The last date of submission of technical bid was February 28, 2022. As part of the auction process, technical bids comprising of online and offline bid documents were opened here today (March 02, 2022) at 10 am onwards in the presence of the bidders," the Ministry of Coal said in a statement.

https://economictimes.indiatimes.com/industry/indl-goods/svs/metals-mining/government-receives-26-bids-for-11-coal-mines/articleshow/89949028.cms?utm_source=ETTopNews&utm_medium=HP&utm_campaign=TN&utm_content=23

Govt policy push to put solar manufacturing sector on strong footing: ISMA

The government's recent policy initiatives to promote the manufacturing of solar power equipment in the country will put the industry on a strong footing and help achieve ambitious targets, industry body ISMA said on Wednesday. The government has set an ambitious target of 500 gigawatts of renewable capacity by 2030, which is about 5 times the current cumulative installations. The majority of this target is expected from solar installations, targeted to touch 280 GW by 2030, which would require India to install 29 GW each year for the next 8 years. "Though India has about 4 GW of cell and 13 GW of module manufacturing, Indian solar sector has been majorly dependent on imports from China. Modules import accounted for more than 65 per cent of total module demand in 2021," the Indian Solar Manufacturers Association (ISMA) said.

https://www.business-standard.com/article/economy-policy/govt-policy-push-to-put-solar-manufacturing-sector-on-strong-footing-isma-122030201252_1.html

India adds record 10 gigawatt solar capacity in 2021: Report

India installed a record 10 gigawatt (GW) of solar capacity during calendar year 2021, registering a year-on-year rise of 212 per cent, according to Mercom India Research. The country had made 3.2 GW of solar capacity installations during 2020, the research firm said in its latest report. Cumulative solar installed capacity in India was approximately

49 GW at the end of December 2021, the report titled 'Annual 2021 India Solar Market Update' said. "India added a record 10 GW of solar in 2021, the highest ever in a year. Solar accounted for 62 per cent of new power capacity additions in 2021, the largest share of power capacity ever," it said.

<https://www.financialexpress.com/economy/india-adds-record-10-gigawatt-solar-capacity-in-2021-report/2449001/>

Telecom

Govt looking into demands for delicensing spectrum in E and V bands

The Department of Telecommunications (DoT) is looking into demands by technology players as well as academia to delicense spectrum in E and V bands, which have the potential to provide high-speed broadband services, especially in rural and remote areas. The decision around delicensing of the bands or an alternate allocation methodology (without auction) may be announced as part of the second round of telecom reforms in the coming months.

The wireless adviser in DoT has been tasked to prepare a hybrid model of allocation of E (71-76 Ghz and 81-86 Ghz) and V (57-64 Ghz) bands spectrum. The issue was again highlighted today during a post budget webinar on technology enabled development. Speaking during one of the sessions, Abhay Karandikar, Director, IIT Kanpur said that for rapid proliferation of affordable broadband and rural mobile proliferation, at least 5 carriers of E-band spectrum and certain amount of milli meter wave band spectrum should be delicensed.

<https://www.financialexpress.com/industry/govt-looking-into-demands-for-delicensing-spectrum-in-e-and-v-bands/2449143/>

TDSAT says public, private sector cos cannot be treated differently

Telecom disputes appellate tribunal TDSAT has ruled the government cannot exempt state-owned companies from paying their share of Adjusted Gross Revenue (AGR) on the basis that they get only a small portion of their revenues from telecom-related services. The Telecom Disputes Settlement and Appellate Tribunal (TDSAT) also said that an exemption can be given to the Public Sector Undertakings (PSUs) only if the same is extended to private sector players. The order dated February 28 pertains to the more than Rs 4 lakh crore of revenue foregone by the government after the Supreme Court in October 24, 2019, dismissed telcos' petitions challenging the AGR demand by DoT.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/agr-dues-tdsat-says-public-private-sector-cos-cannot-be-treated-differently/articleshow/89954111.cms>

Healthcare

Fourth Covid wave unlikely as immunity levels rise, say experts

After oscillating between surges or 'waves' of Covid infections and 'retreats', the world seems to be finally getting back on its feet. Experts feel the country is entering the endemic phase of infection. The chances of a debilitating fourth wave in India are low unless a major mutation happens. T Jacob John, senior virologist and former head of the departments of clinical virology and microbiology at Christian Medical College, Vellore, feels a fourth wave is unlikely in India because of epidemiological reasons and substantial immunity

https://www.business-standard.com/article/economy-policy/endemic-fourth-covid-wave-unlikely-as-immunity-levels-rise-say-experts-122030200049_1.html

States

Odisha records robust growth rate of 47% in state GST collection

Odisha has attained the highest growth rate of 23 per cent in gross GST collection which was recorded at Rs 4101.09 crore during February, 2022 against Rs 3,340.56 crore in the corresponding month in February '21, Odisha Commercial Tax and GST director S K Lohani said in Wednesday. The state has registered a growth of 47% state GST which is again the highest among all major states, he said in a statement. The OGST collected during February, 2022 was Rs 1,152.37 crore against Rs 781.06 crore in the same month last year, it said. The gross GST includes OGST, the statement said. The OGST collection in February this year is also the second highest gross collection of the tax by the state since the inception of GST, it said.

https://www.business-standard.com/article/economy-policy/odisha-records-robust-growth-rate-of-47-in-state-gst-collection-122030201360_1.html

Maharashtra: Cinema halls, restaurants allowed to function at 100% capacity

Easing pandemic-related restrictions, the Maharashtra government on Wednesday allowed shopping complexes, restaurants, cinema halls and theaters to operate at 100 per cent capacity in 14 out of 36 districts in the state, including Mumbai. These 14 districts are: Mumbai city, Mumbai suburban district, Pune, Bhandara, Sindhudurg, Nagpur, Raigad, Wardha, Ratnagiri, Satara, Sangli, Gondia, Chandrapur and Kolhapur. A government notification said that in these districts 90 per cent of the eligible population has taken at least one dose of anti-coronavirus vaccines, and over 70 per cent people are fully vaccinated.

https://www.business-standard.com/article/current-affairs/maharashtra-cinema-halls-restaurants-allowed-to-function-at-100-capacity-122030201058_1.html

Jharkhand FM tables Economic Survey Report in Assembly; state GDP growth expected at 8.8% in FY22

The Jharkhand government on Wednesday presented its Economic Survey Report in the Assembly that estimates 8.8 per cent growth in its real Gross State Domestic Product (GDP) in the current fiscal. The Economic Survey that details the state of the economy ahead of the government's budget for the fiscal year beginning April 1, 2022 mentions that the state has shown adequate resilience to recover promptly from every shock including economic recovery from the effects of COVID-19 pandemic. The survey report tabled by Finance Minister Rameshwar Oraon said: "It is estimated to record 8.8 per cent growth in its real Gross State Domestic Product (GDP) the current financial year (2021-22). The GSDP of the state grew at an average annual rate of 8 per cent per annum in the first five years of its formation (between 1999-2000 and 2004-05), then at the rate of 6.6 per cent between 2004-05 and 2011-12 and at 6.2 per cent between 2011-12 and 2018-19."

<https://www.financialexpress.com/economy/jharkhand-fm-tables-economic-survey-report-in-assembly-state-gdp-growth-expected-at-8-8-in-fy22/2448898/>

External

Exports rise 22% to \$33.8 bn in Feb; trade deficit widens to \$21.19 bn

India's exports rose by 22.36 per cent to USD 33.81 billion in February on account of healthy growth in sectors like engineering, petroleum and chemicals, even as the trade deficit widened to USD 21.19 billion, according to preliminary data released by the commerce ministry on Wednesday. Imports during the month too jumped by about 35 per cent to USD 55 billion. The trade deficit, the difference between imports and exports, stood at USD 13.12 billion in February 2021. "India's merchandise export in April 2021-February 2022 was USD 374.05 billion, an increase of 45.80 per cent over USD 256.55 billion in April 2020-February 2021," it said.

https://www.business-standard.com/article/economy-policy/exports-rise-22-to-33-8-bn-in-feb-trade-deficit-widens-to-21-19-bn-122030201136_1.html

Transaction freeze by Indian banks may hit rough diamond import deals

The diamond polishing business in India may be among the sectors most affected by Indian banks' decision to temporarily freeze fresh transactions with Russian institutions, bankers told FE. Russia is an important source of rough diamonds and some transactions for routing those diamonds to India for cutting and crafting into jewellery had already been initiated when the hostilities broke out, according to banking sources. "Currently, those are on hold because we don't know how these sanctions are panning out and the full details are still not out. Unless we read the original document that the US Treasury Department's OFAC (Office of Foreign Assets Control) comes out with, we really don't know what is there. We would look at that and then decide, but we have put these kinds of transactions on hold," a senior banker with a large public sector bank said.

<https://www.financialexpress.com/economy/transaction-freeze-by-indian-banks-may-hit-rough-diamond-import-deals/2448332/>