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Key Developments

Govt may soon allow rupee-ruble trade; arrangement will bypass sanctions

The government may soon give the green light to bilateral trade between Russia and India in their national currencies to avoid any trade disruptions, multiple people aware of the matter said. While the Department of Commerce has recommended the proposal, an announcement is likely to be made by the finance ministry after further deliberations between the Department of Economic Affairs and Department of Financial Services. “The finance ministry will take a call on how to peg the two currencies,” a senior government official told Business Standard.

https://www.business-standard.com/article/economy-policy/govt-may-soon-allow-rupee-ruble-trade-arrangement-will-bypass-sanctions-122030300017_1.html

Finance ministry to monitor revenue, expenditure on daily basis from Mar 15 to keep fiscal deficit in check

Keen to keep government deficit within stated targets, the finance ministry will from March 15 start daily monitoring of the revenue receipts, including tax collections, as well as expenditure. The move comes against the backdrop of a possible deferment of the initial public offering (IPO) of LIC, which was expected to fetch over Rs 60,000 crore, to the next financial year in view of the ongoing Russia-Ukraine war and its implication on Indian markets.

On the other hand, the government’s decision to bring back thousands of Indian students stranded in Ukraine will impose an additional burden on the exchequer. According to officials, the daily monitoring of tax and non-tax revenue collections will help the government in taking timely corrective actions, wherever needed.

<https://www.financialexpress.com/economy/finance-ministry-to-monitor-revenue-expenditure-on-daily-basis-from-mar-15-to-keep-fiscal-deficit-in-check/2450095/>

Economy

Pace of govt capital expenditure not robust enough, feel policymakers

For a number of reasons, including the pandemic and global macroeconomic factors, the pace of government capital expenditure is not as robust lately as policymakers would have liked. This is borne out by the available data and confirmed by officials. Since the Covid-19 pandemic flatlined the Indian economy in April-June 2020, the Centre has made public investment in infrastructure the main plank for economic recovery. The years FY21, FY22 and targets for FY23 have seen substantial jump in the Centre’s capex outlay.

https://www.business-standard.com/article/economy-policy/pace-of-govt-capital-expenditure-not-robust-enough-feel-policymakers-122030300062_1.html

Govt's Jan Aushadi programme to exceed 2021-22 targets, shows data

On February 28, the government announced that it would celebrate the fourth Jan Aushadi Diwas from March 1 to March 7. While the government repurposed the Jan Aushadi programme in September 2015 — the scheme has been operational since 2008 — this year would also mark the seventh year of the plan. A Business Standard analysis shows that the government is well on the path to achieving its targets, even though the pace has slowed down in the last few months.

https://www.business-standard.com/article/economy-policy/govt-s-jan-aushadi-programme-to-exceed-2021-22-targets-shows-data-122030300005_1.html

Jal Jeevan Mission: Less than half of rural households have access to piped water supply

Only close to half of the rural households in India have access to Piped Water Supply (PWS), according to the latest data by the Ministry of Jal Shakti. While over 19 crore (19,27,76,015) rural households are recorded across the country, the data says that only 9,11,37,165 have access to piped water supply as of February this year; that is, a 47.28 per cent of rural households. At the same time, all the rural households of three states - Goa, Haryana and Telangana, and three Union Territories, Andaman and Nicobar Islands, Dadra and Nagar Haveli and Puducherry have access to running water, according to the government data. The coverage is part of the Jal Jeevan Mission of the Ministry of Jal Shakti.

<https://www.thehindubusinessline.com/data-stories/data-focus/jal-jeevan-mission-less-than-half-of-rural-households-have-access-to-piped-water-supply/article65186436.ece>

Banking and Finance

RBI launches household surveys to gather inputs for monetary policy

Reserve Bank on Thursday announced the launch of next round of households surveys to capture inflation expectations and consumer confidence. Data gathered from the surveys, which are regularly done by Reserve Bank of India (RBI), provides useful inputs for its monetary policy. Announcing the launch of March 2022 round of Inflation Expectations Survey of Households (IESH), RBI said the survey aims at capturing subjective assessments on price movements and inflation of about 6,000 households based on their individual consumption baskets across 18 cities. The cities include Ahmedabad, Bengaluru, Chandigarh, Chennai, Delhi, Hyderabad, Jaipur, Kolkata, Lucknow, Mumbai, Nagpur, Patna, and Thiruvananthapuram.

https://www.business-standard.com/article/economy-policy/rbi-launches-household-surveys-to-gather-inputs-for-monetary-policy-122030300800_1.html

RBI may keep rates on hold in April, say bankers

Amidst the ongoing invasion of Ukraine by Russia that has impacted global oil and commodity prices, bankers and analysts expect the Reserve Bank of India to continue holding rates in the next monetary policy review in April. "The expectation got pushed out from April to June in terms of a rate hike. Unless we see this crisis prolong and see commodity prices go up materially and feed into inflationary expectations....this is a wait and watch situation," said Jaideep Iyer, Head-Finance, Strategy and Investor Relations, RBL Bank.

<https://www.thehindubusinessline.com/money-and-banking/rbi-may-keep-rates-on-hold-in-april-say-bankers/article65186347.ece>

IBC led recoveries fall sharply as delays mount

The recovery ratio for creditors through the Insolvency and Bankruptcy Code (IBC) has fallen to its lowest level ever, highlighting the challenges that lenders face as bidders turn cautious due to an uncertain economic environment even as court approvals have slowed down. Latest data from the Insolvency and Bankruptcy Board of India (IBBI) shows that out of the admitted claims of Rs 32,861.90 crore resolved in the quarter ended December 2021, creditors recovered just Rs 4406.76 crore or just 13.41%.

<https://economictimes.indiatimes.com/industry/banking/finance/ibc-led-recoveries-fall-sharply-as-delays-mount/articleshow/89974087.cms>

Govt gets multiple expressions of interest for privatisation of PDIL

The government has received multiple expressions of interest for privatisation of Projects & Development India Ltd (PDIL), DIPAM Secretary Tuhin Kanta Pandey said on Thursday. The Department of Investment and Public Asset Management (DIPAM) had on December 14 invited preliminary bids for selling the government's 100 per cent stake in the CPSE which is under Ministry of Chemicals and Fertilisers. The last date for submitting expressions of interest (EoIs) was January 31, which was later extended till February 28. "Multiple expressions of interest received for privatisation of Projects & Development India Limited (PDIL). The transaction moves ahead to the next stage,"

Pandey tweeted. As of March 31, 2021, PDIL has paid-up equity share capital of Rs 17.30 crore, revenue of Rs 129.68 crore and net profit of Rs 19.07 crore.

https://www.business-standard.com/article/economy-policy/govt-gets-multiple-expressions-of-interest-for-privatisation-of-pdil-122030301124_1.html

Payments stopped, Russian firms pressure Indian banks

Financial transactions between India and Russia have come to a grinding halt after Indian banks stopped remitting funds to firms for their exports even as Russian companies put pressure on the lenders. Most of the payments to Russian companies that are due are for defence-related items. Indian banks are forced to stop sending funds to Russian exporters after the European Union and the US and other western partners cut off Russia from the SWIFT system.

https://www.business-standard.com/article/economy-policy/ukraine-crisis-payments-stopped-russian-firms-pressure-indian-banks-122030300048_1.html

Microfinance sector's contribution to GVA to be 2.7-3.5% by 2025-26: Study

The impact of the microfinance sector on Gross Value Added (GVA) of the economy is expected to be between 2.7 and 3.5 per cent by 2025-26, according to a study report released on Thursday. The report, 'Present and Potential Contribution of Microfinance to India's Economy', was prepared jointly by MFIN, an association for microfinance entities, and National Council of Applied Economic Research (NCAER). It presents an analysis of the contribution of microfinance institutions to the overall economy in terms of income or 'Gross Value Added', a measure of the national economic output and employment. The MFIN-NCAER report points out that during 2018-19, the contribution of the microfinance sector as a whole, to India's GVA was 2.03 per cent.

https://www.business-standard.com/article/economy-policy/microfinance-sector-s-contribution-to-gva-to-be-2-7-3-5-by-2025-26-study-122030300969_1.html

Industry

Govt's public procurement marketplace GeM to remove multiple sellers, here's why

The business-to-government (B2G) portal Government eMarketplace (GeM), under Ministry of Commerce and Industry, is planning to delist sellers that are not active on the platform, GeM's Chief Executive Officer Prashant Kumar Singh told Financial Express Online. Launched in August 2016, the public procurement marketplace for public sector enterprises across various departments and ministries to purchase goods and services directly from micro, small and medium enterprises (MSMEs) in the country currently has nearly 39 lakh sellers. "GeM is integrated with Udyam registration portal, hence a lot of sellers were directly registered on our portal because of their Udyam registration. Also, there might be other sellers who perhaps are not interested in selling on GeM. We will be beginning to send mailers to such sellers that in case they are not keen to sell on GeM, we would remove them. This would clear the clutter and make active sellers more visible on the platform with more opportunities to sell to the government," said Singh. The current count of active seller base wasn't disclosed.

<https://www.financialexpress.com/industry/sme/msme-eodb-exclusive-govts-public-procurement-marketplace-geM-to-remove-multiple-sellers-heres-why/2449316/>

Govt issues draft rules for vehicle fitness certificates, registration

Vehicles will have to display validity of fitness certificate and registration mark in a prescribed manner, as per a draft notification issued by the Ministry of Road Transport and Highways (MoRTH) on Thursday. The ministry, in a statement, said in case of heavy goods / passenger vehicles, medium goods/passenger vehicles and light motor vehicles, it shall be exhibited on the upper edge of the left side of the windscreen. In case of auto-rickshaws, e-rickshaws, e-carts and quadricycles too it shall be exhibited on the upper edge of the left side of the windscreen, if fitted. For motorcycles, it shall be displayed on a conspicuous part of the vehicle.

https://www.business-standard.com/article/economy-policy/govt-issues-draft-rules-for-vehicle-fitness-certificates-registration-122030301010_1.html

Russia-Ukraine crisis to dent India's auto sector

India's automobile industry is expected to bear the brunt of lower supplies of components triggered by the ongoing Russia-Ukraine war. Besides, the industry is expected to face subdued consumer sentiment as OMCs are expected to raise domestic fuel prices in consonance with high crude cost. Notably, both the countries produce key raw materials which are used in components that are key to producing automobiles such as semiconductors.

Currently, Russia is one of the largest producers of -- Palladium -- which is essential for memory and sensor chips along with several other rare-earth metals. On the other hand, Ukraine is a leading producer and exporter of 'Neon Gas' that is used for several processes in the manufacturing of semiconductors like etching circuit designs into silicon wafers to create chips.

https://www.business-standard.com/article/economy-policy/war-casualty-russia-ukraine-crisis-to-dent-india-s-auto-sector-122030300550_1.html

Apparel, AC, Beverage makers hope to see pent-up demand this summer amidst inflationary pressures

From apparel players to air-conditioner and beverage firms, consumer product companies are banking on the summer season for strong growth even as inflationary pressures remain unabated. After two washed-out consecutive summers, impacted due to pandemic induced-restrictions, companies say they are hoping to garner growth over 2019 levels this year. With offices reopening and consumers beginning to stepping out, post the easing of third pandemic wave-induced restrictions, apparel makers expect to see good demand for their summer collections.

<https://www.thehindubusinessline.com/economy/apparel-ac-beverage-makers-hope-to-see-pent-up-demand-this-summer-amidst-inflationary-pressure/article65186606.ece>

Diamond traders fear job losses even as Russia Co assures supply

The Russia-Ukraine conflict may lead to job losses in Surat, India's diamond-cutting and polishing hub, because the global sanctions on Moscow could affect sourcing of rough diamonds for processing. The European Union, US, UK and their allies have excluded Russia from the Swift international payment system. Diamond exporters said if the payment issue was not sorted out immediately for rough diamonds sourced from Russia's partially state-owned mining company Alrosa, there would be a scarcity in their supply, forcing the cut and polishing units in Surat to scale down production and manpower.

<https://economictimes.indiatimes.com/industry/cons-products/fashion/-/cosmetics/-/jewellery/diamond-traders-fear-job-losses-even-as-russia-co-assures-supply/articleshow/89955339.cms>

India to become a \$30 billion market for health food by 2026: Avendus

India is the world's fastest growing health foods market and forecasted to become a \$30 billion sector by 2026, a new report by investment banking services firm Avendus Capital said. The number of health-conscious consumers in India would increase from 108 million in calendar year 2020 to 176 million in 2026, the report noted, adding that there was massive headroom for growth in the space given low health food penetration as a percentage of total packaged foods and beverages which stood at 11% in India compared to 31% in the US.

<https://economictimes.indiatimes.com/industry/cons-products/food/india-to-become-a-30-billion-market-for-health-food-by-2026-avendus/articleshow/89971248.cms>

Infrastructure

Policy in 7-8 days to promote pvt sector R&D in railways: Vaishnav

The Indian Railways will come up with a policy in the next 7-8 days to make private-sector research and development a major part of the railway budget with 90 per cent allocation in the future, Union Minister Ashwini Vaishnav said Wednesday. While speaking in the concluding session of a post-Budget webinar on technology-enabled development, the railway minister said the defence and space sector has already broken the silos by opening up research and development (R&D) for the private sector and the same needs to be done in other sectors as well.

"We are starting something in the Railways soon. In another 7-8 days, we will launch a new policy where private sector R&D would become an integral part or rather major part of railways R&D budget.

https://www.business-standard.com/article/economy-policy/policy-to-come-in-7-8-days-to-promote-private-sector-r-d-in-railways-vaishnav-122030201068_1.html

Rising crude oil prices likely to impact infra funding in FY23

With crude oil prices at eight-year high, concerns over funding of infrastructure projects especially in the roads and water segments have been rising. What worries analysts is that rising energy prices may force the government to reduce the roads and infrastructure cess (RIC) once again to limit the impact on the prices of crude derivatives such as petrol and diesel. If that happens, it will reduce the RIC collection for FY23, which will in turn affect the funding for road projects. RIC collection has been a meaningful source of funding for infrastructure projects. According to an analysis by brokerage Nomura, the RIC collection was 28.4% of the gross budgetary support (GBS) given to the National Highways Authority of India (NHAI) in FY18. The proportion increased to 32% based on FY22 estimates and is expected to shoot up to 96.8% for FY23. This underscores the importance of RIC in the roads funding.

<https://economictimes.indiatimes.com/news/economy/infrastructure/rising-crude-oil-prices-likely-to-impact-infra-funding-in-fy23/articleshow/89971713.cms>

States

Rajasthan's pension outgo has risen faster than other states, UTs: RBI data

The amount of money Rajasthan allocated to pensions has risen faster than other states and Union territories. The figure for the financial year 2020-21 (FY21) is 4.5 times what it was in FY11. The total for all states and union territories has risen by a multiple of 3.6 in the same period, shows an analysis of Reserve Bank of India data. Rajasthan recently announced that it would move back to a defined benefit scheme reversing the trend towards defined contribution pension schemes.

https://www.business-standard.com/article/economy-policy/rajasthan-s-pension-outgo-has-risen-faster-than-other-states-uts-rbi-data-122030301195_1.html

Jharkhand govt tables over Rs 1 trillion budget for FY'23

Aiming at fuelling growth, the JMM-led Jharkhand government Thursday unveiled a Rs 1.01-lakh crore budget for the 2022-23 fiscal, with a proposal to hike capital expenditure by 59 per cent. The Hemant Soren government had presented a budget of Rs 91,277 crore for the financial year 2021-22. Earlier, the Jharkhand Assembly was adjourned till 12 noon following uproar by opposition parties led by the BJP, which demanded 27 per cent OBC quota in the upcoming panchayat polls. As soon as the House assembled at 11 am, BJP legislators trooped into the well, amid repeated requests by Assembly Speaker Rabindra Nath Mahato to members to allow proceedings.

https://www.business-standard.com/article/economy-policy/jharkhand-govt-tables-over-rs-1-trillion-budget-for-fy-23-122030300619_1.html

AP govt unlikely to prefer implementation of Centre's welfare schemes

Andhra Pradesh government is likely to prefer its own welfare schemes to those to be implemented jointly with the Centre. According to a senior official, instructions have been given to all departments by the Department of Finance to get prior approval before implementation of any Central Scheme over and above the allocations to be made in the upcoming State Budget for 2022-23. The approval from the Department of Finance and the Chief Minister has been mandatory in this regard, as per a circular. Generally, Central Schemes provide funds ranging from 60 per cent to 90 per cent of the total expenditure of a scheme while the remaining funds have been pooled in by the states.

<https://www.thehindubusinessline.com/news/ap-govt-unlikely-to-prefer-implementation-of-centres-welfare-schemes/article65186130.ece>

Healthcare

Decision on mixing and matching of booster dose of Covid vaccines will be based on science: Govt

The government on Thursday said that any decision on the mixing and matching of booster dose of COVID-19 vaccines will be taken based on science. Addressing a press conference here, NITI Aayog Member (Health) V K Paul said studies are going on regarding the mixing and matching of booster doses of COVID-19 vaccines and they are being "constantly reviewed". "As per the new information and science and knowledge, a decision would be guided on (by) that," he said. On the Corbevax vaccine, Paul said it will find a way into the national vaccination programme

as an order has been placed and delivered for a certain quantity. A decision on how and when to use it will be based on scientific considerations.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/healthcare/decision-on-mixing-and-matching-of-booster-dose-of-covid-vaccines-will-be-based-on-science-govt/articleshow/89975617.cms>

Considerably lower number of Covid deaths due to wide vax coverage: Govt

Unvaccinated individuals account for 92 per cent of Covid deaths in India so far this year, the government said Thursday, while asserting the country is in a "vaccine-protected low coronavirus phase" now and it is "rational" to open schools, colleges, and normal affairs of society while taking necessary precautions. Addressing a press conference here, Union Health Ministry officials said high vaccination led to reduced morbidity and mortality due to COVID-19 in the recent wave driven by the Omicron variant. "It is evident that vaccines and wide vaccination coverage of a very high order played a very important role in protecting lives in the recent surge," NITI Aayog member (health) Dr VK Paul said. "The vaccine has protected the nation in the surge that we just experienced," he said.

https://www.business-standard.com/article/current-affairs/considerably-lower-number-of-covid-deaths-due-to-wide-vax-coverage-govt-122030300911_1.html

External

CAD to widen with Indian basket of crude pricier by \$10 at \$94/bbl

With the Indian basket of crude oil touching \$112 a barrel on March 2, the current account deficit (CAD) is expected to widen further. The average price of the Indian basket in February surged to over \$94 a barrel, a jump of nearly \$10 a barrel. Various analysts suggest that on an average a \$5 increase in crude prices translates into CAD widening by over \$6.5 billion. Higher deficit will weaken the rupee, further aggravating the situation.

<https://www.thehindubusinessline.com/economy/cad-to-widen-with-indian-basket-of-crude-pricier-by-10-at-94bbl/article65186496.ece>

Govt considering relief for exporters hit by Ukraine crisis: Report

India is considering guarantees of lenders' letters of credit and soft loans for exporters hit by a cash squeeze following Russia's invasion of Ukraine and Western sanctions imposed on Moscow, two people familiar with the matter told Reuters. Indian banks are scrambling after bills for imports from Russia have started bouncing and payments for exports have been stuck. A government official, who declined to be named because the discussions were not public, said Indian exporters are owed about \$500 million from Russia and the government may guarantee banks' letters of credit or loans to help ease the crunch. "Letters of credit is the most likely option," the official said. A senior banker familiar with the developments said "letter of credit or some form of bank guarantees can be given, so that trade settlement is not hampered. We are looking into it".

https://www.business-standard.com/article/economy-policy/govt-considering-relief-for-exporters-hit-by-ukraine-crisis-report-122030300853_1.html

India asks Indonesia to raise palm oil supply as prices spike: Report

India has asked Indonesia to increase palm oil shipments to the country to compensate for a loss of sunflower oil supplies from the Black Sea region due to the Ukraine crisis, several government and industry sources in India told Reuters. India, the world's biggest buyer of edible oil, relies on top producer Indonesia for more than half of its palm oil imports, but has been worried by restrictions Jakarta put on its exports in January to calm local prices. Limited palm supplies, followed by the halt in exports of sunflower oil from the Black Sea region - which accounts for 60% of world sunoil output and 76% of exports - have sent global vegetable oil prices to record highs.

https://www.business-standard.com/article/economy-policy/india-asks-indonesia-to-raise-palm-oil-supply-as-prices-spike-report-122030300065_1.html