



March 25, 2022 – Friday

Economy

Public procurement from GeM portal crosses Rs 1 trillion-mark this fiscal

Procurement of goods and services from government portal GeM has crossed Rs 1 lakh crore during this fiscal on account of a sharp increase in buying activities by different ministries and departments, a senior official said on Thursday. The Government e-Market (GeM) portal was launched on August 9, 2016, for online purchases of goods and services by all the central government ministries and departments. Earlier, the portal had crossed the Rs 1 lakh crore mark in about four-and-a-half years but now this was achieved during the current fiscal, GeM CEO P K Singh told reporters here. He expressed confidence that during the next fiscal, the procurement value may cross Rs 1.5 lakh crore.

https://www.business-standard.com/article/economy-policy/public-procurement-from-gem-portal-crosses-rs-1-trillion-mark-this-fiscal-122032400985_1.html

India's 2022 GDP growth downgraded to 4.6% due to war in Ukraine: UN report

India's projected economic growth for 2022 has been downgraded by over two per cent to 4.6% by the United Nations, a decrease attributed to the ongoing war in Ukraine, with New Delhi expected to face restraints on energy access and prices, reflexes from trade sanctions, food inflation, tightening policies and financial instability, according to a UN report released on Thursday. The UN Conference on Trade and Development (UNCTAD) report downgraded its global economic growth projection for 2022 to 2.6% from 3.6% due to shocks from the Ukraine war and changes in macroeconomic policies that put developing countries particularly at risk. The report said while Russia will experience a deep recession this year, significant slowdowns in growth are expected in parts of Western Europe and Central, South and South-East Asia. India was forecast to grow at 6.7 per cent in 2022 and this projection has been downgraded to 4.6 per cent by UNCTAD.

https://www.business-standard.com/article/economy-policy/india-s-2022-gdp-growth-downgraded-to-4-6-amid-russia-ukraine-conflict-un-122032401196_1.html

Date extended for Aadhaar card seeding with ration cards till June 30

The government has extended the deadline of Aadhaar linking with ration cards up to June 30 from March 31. The linking of Aadhaar cards with ration cards will ensure that no valid beneficiary is left without his or her due share of food grains. Linking Aadhaar cards with ration cards is important in view of the benefits for the migrant population, who are deprived of their entitled food grains in the place of their temporary work place, especially under the National Food Security Act.

<https://economictimes.indiatimes.com/news/india/date-extended-for-aadhaar-card-seeding-with-ration-cards-till-june-30/articleshow/90426360.cms>

Banking and Finance

Banks should account for govt transactions for FY22 in same year: RBI

Reserve Bank of India on Thursday said banks must account all government (central and state) transactions for financial year 2021-22 within the same financial year. As a step to facilitate this, banks should keep designated branches open for over the counter transactions upto the normal working hours on March 31, 2022, RBI said. Transactions through national electronic funds transfer (NEFT) and real time gross settlement (RTGS) system will continue upto 2400 hours on March 31, 2022, RBI said in communication to banks. Special clearing will be conducted for collection of government cheques on March 31, 2022 for which the Department of Payment and Settlement Systems (DPSS) of RBI will issue necessary instructions.

https://www.business-standard.com/article/finance/banks-should-account-for-govt-transactions-for-fy22-in-same-year-rbi-122032401307_1.html

Govt sets Rs 1-trillion infrastructure lending target for DFI

The Centre has set a target of about Rs 1 trillion for government-backed National Bank for Financial Infrastructure and Development (NaBFID) for sanctioning loans to the infrastructure sector in the next financial year. The government-backed Development Finance Institution (DFI) will start operations in the first quarter of the next financial year, finance ministry officials have informed lawmakers. To catalyse investment in the fund-starved infrastructure sector, the DFI plans to invest in infrastructure projects in India and outside with a focus towards prioritising systemic risk mitigation and credit enhancement. An action plan is being prepared on making the newly set up DFI functional and operationalising the Rs 1-trillion target, officials from Department of Financial Services (DFS) told the Parliamentary Standing Committee on Finance.

https://www.business-standard.com/article/economy-policy/govt-sets-rs-1-trillion-infrastructure-lending-target-for-dfi-122032400061_1.html

Banks to conduct special clearing ops on Mar 31 for govt accounts' closure

Banks will conduct special clearing operations for the annual closure of government accounts on March 31, which is the last day of the fiscal year, the RBI said on Thursday. The Reserve Bank has issued directions to the banks for smooth clearing operation and asked them to participate in it. All government transactions done by agency banks for financial year 2021-22 must be accounted for within the same financial year. Accordingly, arrangements are put in place to report and account for government transactions for March 31, 2022, the Reserve Bank said in a notification. "All agency banks should keep their designated branches open for over the counter transactions related to government transactions up to the normal working hours on March 31, 2022.

https://www.business-standard.com/article/finance/banks-to-conduct-special-clearing-ops-on-mar-31-for-govt-accounts-closure-122032401326_1.html

FinMin proposes amendments, seeks to tighten norms for crypto taxation

The government on Thursday proposed to tighten the norms for taxation of cryptocurrencies by disallowing set off of any losses with gains from other virtual digital assets. As per the amendments to the Finance Bill, 2022, circulated among the Lok Sabha members, the ministry proposes to remove the word 'other' from section relating to set off of losses from gains in virtual digital assets. This would mean that loss from the transfer of virtual digital assets (VDA) will not be allowed to be set off against the income arising from the transfer of another VDA. According to the Finance Bill, 2022, a VDA could be a code or number or token which can be transferred, stored or traded electronically. The VDAs will include prevailing cryptocurrencies and non-fungible tokens (NFTs) which has gained fad over the past couple of years.

https://www.business-standard.com/article/economy-policy/finmin-proposes-amendments-seeks-to-tighten-norms-for-crypto-taxation-122032401271_1.html

Deduction claimed for cess, surcharge to be treated as under-reported income, to attract penalty

The Finance Ministry has proposed that deduction claimed for cess and surcharge under Income Tax Act will be treated as "under-reported" income. Experts who examined the provision said this will invite penalty at the rate of 50 per cent. These proposals are through a new clause as part of the official amendments to the Finance Bill 2022. Finance Minister Nirmala Sitharaman will move the official amendments when Finance Bill 2022 on Friday after which it will be taken up for consideration and passage in Parliament. The amendment, uploaded on the portal for MPs, have been perused thoroughly by BusinessLine.

<https://www.thehindubusinessline.com/economy/deduction-claimed-for-cess-surcharge-to-be-treated-as-under-reported-income-to-attract-penalty/article65256333.ece>

Lok Sabha passes demands for grants for 2022-23, completes two-thirds budgetary exercise

The Lok Sabha on Thursday passed the Demands for Grants and Appropriation Bill 2022, authorising the government to withdraw funds from the Consolidated Fund of India for its working as well as implementation of programmes and schemes for the fiscal beginning April 1. This completes two-thirds of the budgetary exercise by the Lok Sabha. The Appropriation Bill authorising payment and appropriation of specified sums from the Consolidated Fund of India for 2022-23 was introduced by Finance Minister Nirmala Sitharaman. The bill was later approved by voice vote after rejecting several cut motions moved by opposition members. The Lok Sabha earlier discussed demands for grants of different ministries, including railways, road transport and highways, civil aviation, commerce and industry and port, shipping and waterways.

<https://www.financialexpress.com/economy/lok-sabha-passes-demands-for-grants-for-2022-23-completes-two-thirds-budgetary-exercise/2470928/>

Industry

Steel makers hike prices on supply constraints

Steel prices of hot rolled coils (HRCs) and rebars, which include construction steel, are witnessing a 2 to 3 per cent increase, in the range of ₹1,500-2,500 per tonne on the back of a higher demand in Europe, supply concerns from China and the rise in prices of Australian coking coal. More than two price hikes have been effected since March. Further price hikes have not been ruled out either, and steel companies indicate they could renegotiate contracts in the coming days.

<https://www.thehindubusinessline.com/companies/steel-makers-hike-prices-on-supply-constraints/article65255791.ece>

Cement prices increase in March amid rising input costs and improving demand

Cement prices showed an uptick in March compared with the previous month. After staying muted for the three months to February, prices in March have risen past the November peak. This may help cement companies to partially offset the impact of higher input costs while helping them to benefit from improving demand. According to various brokerage reports based on dealer interactions, the pan-India average cement price rose by over 10% to Rs 395 per 50 kg bag as of March 22, 2022 on a month-on-month basis. It grew by 11% based on the year-on-year comparison.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/cement/cement-prices-increase-in-march-amid-rising-input-costs-and-improving-demand/articleshow/90421161.cms>

Aluminium plants receive fewest coal rail rakes in six months

Railway rakes supplying coal to aluminium plants have dropped to the lowest since the peak of an energy crisis in September, forcing the industry to import more amid rising cost pressures. The industry got an average of 18.4 coal-laden carriages a day in the first half of March, the lowest since the 17.8 rakes it received in September, according to data provided by Coal Minister Pralhad Joshi in a written reply to Parliament. Coal is supplied to power plants in India through railways and roads, but buyers located far from mines prefer the trains as road transport is costlier.

https://www.business-standard.com/article/economy-policy/aluminium-plants-receive-fewest-coal-rail-rakes-in-six-months-122032400040_1.html

As India gets ready to lift flight restrictions, international bookings across hospitality sector surge

As India prepares to open up international flight operations after a two-year-hiatus, bookings have begun firming up across the hospitality sector – which include hotels, travel aggregators and other allied service providers. Trends visible between mid-March and first week of April suggest international corporate bookings across hotels going up by 60 per cent in the major cities that include Delhi, Bengaluru, Mumbai and Hyderabad, while flights to the US are running full capacity with at least 20 per cent increase in fares.

<https://www.thehindubusinessline.com/companies/as-india-gets-ready-to-lift-flight-restrictions-international-bookings-across-hospitality-sector-surge/article65255376.ece>

Agriculture

Sugar mills again allege OMCs differentiating in ethanol purchase tie-ups

The sugar industry has once again alleged that Oil Marketing Companies (OMCs) are hesitating in entering into long-term ethanol purchase contracts with established sugar firms and those who do not become part of the concessional loan scheme of the Central government. The millers, in a letter written few days back to the Union food and petroleum secretaries said that unless OMCs alter their purchase plans, the significant investments put in by sugar companies in increasing their ethanol manufacturing capacities will come into question which in turn can impact the 20 per cent blending target by 2025.

https://www.business-standard.com/article/economy-policy/sugar-mills-again-allege-omcs-differentiating-in-ethanol-purchase-tie-ups-122032400379_1.html

Infrastructure

Govt to release new policy framework to deepen air connectivity in country

The civil aviation ministry is set to release a new policy framework to incentivise small aircraft and helicopter operations in order to deepen air connectivity in the country. In 2016 the civil aviation ministry launched its regional connectivity scheme - called Udan. Over 400 routes and 66 airports have been operationalised under the Udan scheme. While the Udan routes at present are being operated by 50-70 seater ATR, Bombardier or Embraer aircraft, the proposed policy will cater to small aircraft with 19 seats or less, sea planes and helicopters. Civil Aviation Minister Jyotiraditya Scindia is expected to announce the small aircraft policy at the Wings India event in Hyderabad on Friday.

https://www.business-standard.com/article/economy-policy/govt-to-release-new-policy-framework-to-deepen-air-connectivity-in-country-122032400638_1.html

'Railways needs Rs 3-trn yearly investment to meet country's aspirations'

The Railways will need to target a revenue of Rs 3.5 lakh crore and an investment of Rs 3-lakh crore every year to meet the country's aspirations, the government told Rajya Sabha Thursday. During a discussion on the working of the ministry, Railway Minister Ashwini Vaishnaw attacked opposition members and past governments, alleging they only talked about vision and preparing concept notes, but did not taking any action to implement them. The minister said that to meet the aspirations of the country, its citizens and the future generation over next 10 years, the Railways will have to target to ferry 1,000 crore passengers every year from about 800 crore currently, and increasing the cargo load from 140 crore tonne to 300 crore tonne.

https://www.business-standard.com/article/economy-policy/railways-needs-rs-3-trn-yearly-investment-to-meet-country-s-aspirations-122032401317_1.html

Energy

Ministry of New and Renewable Energy rues lack of powers even to issue guidelines

As India pursues its ambitious target of 500 gigawatts (GW) non-fossil fuel power capacity with 50 per cent consumption coming from renewable energy (RE) sources by 2030, the Ministry of New and Renewable Energy (MNRE) — the nodal agency responsible for India's RE resources — rues its lack of powers, even for issuing guidelines, after three decades of existence. The issue came to the fore while the Parliamentary Standing Committee on Energy was examining MNRE's demands for grants last month.

<https://www.thehindubusinessline.com/news/ministry-of-new-and-renewable-energy-rues-lack-of-powers-even-to-issue-guidelines/article65255588.ece>

Indian Oil to raise petrol, diesel prices from Friday

Indian Oil Corp, the country's top fuel retailer, will raise prices of a litre of petrol and diesel by 0.80 rupees from Friday, its third such increase this week, a notification sent to fuel dealers showed. A litre of petrol will cost 97.81 rupees (\$1.28) while diesel will be sold at 89.07 rupees in Delhi, the notification said.

<https://economictimes.indiatimes.com/industry/energy/oil-gas/indian-oil-to-raise-petrol-diesel-prices-from-friday/articleshow/90426523.cms>

No fuel price revision between November 2021-March 2022 impacts oil PSUs' revenues

The freeze on petrol and diesel price revision by oil marketing companies (OMCs) for over four months, during November 2021-March 2022, has adversely impacted revenues, with refiners IOCL, BPCL and HPCL incurring an average daily loss of around \$71 million alone in the first three weeks of March. Auto fuel price revision was stopped on November 3, 2021, and was re-started on March 22 this year, said Moody's Investors Service on Thursday. "Based on our estimates of average sales volume between November and first three weeks of March, state-owned refining and marketing companies together have lost around \$2.25 billion in revenue on petrol and diesel sales. This equates to around 20 per cent of the combined FY2021 EBITDA for the three entities," said Moody's.

<https://www.thehindubusinessline.com/companies/no-fuel-price-revision-between-november-2021-march-2022-impacts-oil-psus-revenues/article65256315.ece>

States

Madhya Pradesh govt to waive off mandi tax to boost export of wheat

The Madhya Pradesh government has decided not to levy tax on export of wheat produced in the state, and traders will be allowed to purchase wheat anywhere in the state on single license, Chief Minister Shivraj Singh Chouhan said on Thursday. Chouhan, who was in Delhi on Thursday to meet Union Commerce Minister Piyush Goyal to discuss the wheat export issue, said: "There will be no mandi tax imposed on wheat exported from Madhya Pradesh. The government will provide all possible facilities to the exporters." He further stated that the exporters were allowed to buy wheat from mandis and also directly from the farmers.

<https://economictimes.indiatimes.com/news/economy/agriculture/madhya-pradesh-govt-to-waive-off-mandi-tax-to-boost-export-of-wheat/articleshow/90423990.cms>

External

Third round of UK free trade talks to be held in India in April

The third round of talks as part of the ongoing India-UK free trade agreement (FTA) negotiations will be hosted by India next month, Britain's Department for International Trade (DIT) said on Thursday. In a joint outcome statement released by DIT, it was confirmed that a draft treaty text of chapters that will make up the new trade pact was discussed during round two of the negotiations, which concluded in London last Friday. A delegation of Indian officials were in London for the technical talks, conducted in a hybrid fashion with some negotiators at a dedicated UK negotiations facility and others attending virtually.

https://www.business-standard.com/article/economy-policy/third-round-of-uk-free-trade-talks-to-be-held-in-india-in-april-122032401356_1.html

Gem, jewellery exports up 25% this fiscal

The gem and jewellery industry has contributed about 10 per cent to the \$400-billion goods export milestone that the country crossed for the first time since 2014. Colin Shah, Chairman, GJEPC, said the significance of this achievement is that it is post-pandemic. The country's gem and jewellery exports between April 2021 and February 2022 grew 63 per cent year-on-year to touch \$35.48 billion.

<https://www.thehindubusinessline.com/news/gem-jewellery-exports-up-25this-fiscal/article65255149.ece>

India-EU FTA talks to formally begin soon

Almost a year after the India-EU Free Trade Agreement (FTA) talks were re-launched at the virtual Leaders Summit in May 2021, the two sides are now formally set to begin the negotiations. This follows hectic exchange of letters between the two sides to sort out initial differences, officials tracking the matter have said. "Both sides have now appointed the chief negotiators. A team from India is expected to leave for Brussels soon, probably by the month-end, for the first round of negotiations," an official told BusinessLine.

<https://www.thehindubusinessline.com/economy/india-eu-fta-talks-to-formally-begin-soon/article65255983.ece>

Mobile phone exports from India to touch \$5.5bn

Mobile phone exports from India will increase by 75 per cent from \$3.16 billion in 2020-21 to over \$5.5 billion in the current fiscal, a report said on Thursday. The primary driver of this outstanding performance is the smartphone PLI Scheme launched on April 1, 2020, aimed at shifting GVCs to India and increasing India's share in global exports. "The unprecedented increase in smartphone exports is a tribute to government-industry partnership under the most trying circumstances. The government led with its vision and trust in the mobile industry. The industry, in turn, has redefined Atmanirbhar Bharat as Make in India for the World. We are just getting started," Pankaj Mohindroo, Chairman of ICEA, said in a statement.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/mobile-phone-exports-from-india-to-touch-5-5bn/articleshow/90423449.cms>