



May 23, 2022 – Monday

## Economy

### Centre and states: Sitharaman reveals 'implication' of duty cut on fuel

The government slashed central excise duty on petrol by Rs 8 per litre and on diesel by Rs 6 per litre, a move that will bring relief as household incomes continue to be hit by inflation. Sitharaman, writing on Twitter yesterday, said that this will reduce the price of petrol by Rs 9.5 per litre and of diesel by Rs 7 per litre. This will lead to revenue foregone for the centre of about Rs 1 trillion per annum, she said, and asked states to also reduce their duties on petrol and diesel. "Basic Excise Duty (BED), Special Additional Excise duty (SAED), Road & Infrastructure Cess (RIC) and Agriculture & Infrastructure Development Cess (AIDC) together constitute Excise Duty on petrol and diesel. Basic ED is sharable with states. SAED, RIC & AIDC are non-sharable," she said.

[https://www.business-standard.com/article/economy-policy/sitharaman-reveals-implication-for-modi-govt-after-duty-cut-on-fuel-122052200547\\_1.html](https://www.business-standard.com/article/economy-policy/sitharaman-reveals-implication-for-modi-govt-after-duty-cut-on-fuel-122052200547_1.html)

### Economists expect inflation to come down by 20-40 bps

Economists expect a 20-40 basis point reduction in consumer inflation because of the cut in excise duties on petrol and diesel on Saturday that brought down retail prices of these fuels sharply. The reduction in customs duty on inputs for steel and plastics and measures to improve cement availability are also expected to help. The retail price of petrol dropped ₹9.5 a litre while diesel was priced ₹7 a litre less after the Centre cut excise duty by ₹ 8 and ₹ 6 a litre, respectively. "Inflation can come down by around 0.4%. Prices are still high and instead of inflation of close to 30% for petrol, it will be around 20%," said Bank of Baroda chief economist Madan Sabnavis.

<https://economictimes.indiatimes.com/news/economy/indicators/economists-expect-inflation-to-come-down-by-20-40-bps/articleshow/91731304.cms>

## Banking and Finance

### India looking at spending Rs 2 trillion more to fight inflation: Report

The Indian government is considering spending an additional 2 trillion rupees (\$26 billion) in the 2022/23 fiscal year to cushion consumers from rising prices and fight multi-year high inflation, two government officials told Reuters. The new measures will be double the 1 trillion rupees hit government revenues could take from tax cuts on petrol and diesel the finance minister announced on Saturday, both the officials said. The government estimates another 500 billion Indian rupees additional funds will be needed to subsidise fertilisers, from the current estimate of 2.15 trillion rupees, the two officials said. The government could also deliver another round of tax cuts on petrol and diesel if crude oil continues to rise that could mean an added hit of 1 trillion-1.5 trillion rupees in the 2022/23 fiscal year started on April 1, the second official said.

[https://www.business-standard.com/article/finance/india-looking-at-spending-rs-2-trillion-more-to-fight-inflation-report-122052200608\\_1.html](https://www.business-standard.com/article/finance/india-looking-at-spending-rs-2-trillion-more-to-fight-inflation-report-122052200608_1.html)

### Govt considering Rs 1 trn extra borrowing to offset fuel-tax cut: Report

India will probably borrow the entire 1 trillion rupees (\$12.9 billion) that the government will forgo as revenues due to a cut in gasoline and diesel levies, according to people familiar with the matter. Higher collections from the goods

and services tax as well as personal income taxes will be neutralized by additional spending on food and fertilizer subsidies that the government is giving to the poor and farmers, said the people, who declined to be identified as the discussions are private. India budgets to raise about 14.3 trillion rupees through debt issuances in this financial year through March 2023. The entire borrowings are in local currency, with banks and insurance companies the biggest buyers of sovereign debt.

[https://www.business-standard.com/article/economy-policy/govt-considering-rs-1-trn-extra-borrowing-to-offset-fuel-tax-cut-report-122052200401\\_1.html](https://www.business-standard.com/article/economy-policy/govt-considering-rs-1-trn-extra-borrowing-to-offset-fuel-tax-cut-report-122052200401_1.html)

#### **Fiscal deficit estimate unlikely to be affected by fuel rate cut, say experts; Nomura demurs**

Conservative budget estimates and buoyancy in tax revenue are likely to help the Centre preserve the fiscal deficit as estimated in the Budget. However, Nomura sees an increase of 40 basis points in the deficit estimate. Meanwhile, experts agree that the impact of duty cut will be largely reflected in June CPI data, and that too by 10-20 basis points. The Centre estimates a fiscal deficit of 6.4 per cent of GDP for FY23 based on collection estimates of over ₹1.38-lakh crore through the road and infrastructure cess on petrol and diesel. However, on Friday, the Centre reduced this cess, which will result in lower tax collection of over ₹1-lakh crore. At the same time, the government said it will provide ₹1.10-lakh crore (in addition to the previous ₹1.05-lakh crore) for fertiliser subsidy. Another ₹6,000 crore is planned for LPG subsidy.

<https://www.thehindubusinessline.com/economy/fiscal-deficit-estimate-unlikely-to-be-affected-due-to-fuel-rate-cut/article65446769.ece>

#### **Government mulls selling stakes in Hindustan Zinc Ltd, ITC; DIPAM begins talks**

The government is considering the sale of its stakes in Hindustan Zinc Ltd (HZL) and ITC among others to meet the disinvestment target for the current fiscal, said people with knowledge of the matter. The delay in the strategic sale of Pawan Hans, Shipping Corporation of India (SCI), IDBI Bank, and Bharat Petroleum Corporation Ltd (BPCL), and the scaled-down public offer of Life Insurance Corporation (LIC) of India have forced the government to consider other options.

<https://economictimes.indiatimes.com/news/economy/policy/government-mulls-selling-stakes-in-hindustan-zinc-ltd-itc-dipam-begins-talks/articleshow/91731467.cms>

#### **MFs collect Rs 1.08 lakh cr via 176 NFOs in FY22 on retail investors' interest**

Riding on intense retail investors' interest and a sharp rally in equity markets, asset management companies (AMCs) launched 176 new fund offerings (NFOs) in 2021-22, garnering a whopping Rs 1.08 lakh crore. With liquidity tightening, interest rates on the rise, stock market consolidation in progress, return to work from office, there could be subdued interest in NFOs going forward. While fixed maturity plans (FMPs) category could see considerable launches, the same cannot be expected from other categories, Gopal Kavalireddi, Head of Research at FYERS, said. Also, almost all AMCs have launched new schemes across most categories, thereby fillings the earlier existing product gaps that was created post-recategorization, he said.

<https://www.financialexpress.com/market/mfs-collect-rs-1-08-lakh-cr-via-176-nfos-in-fy22-on-retail-investors-interest/2533460/>

## **Industry**

#### **Surge in pent-up demand: Consumer, F&B companies see summer supplies drying up**

Consumers are facing an unprecedented shortage of summer products - from soft drinks, to beer, ice-cream, and even air-conditioners - amid a surge in demand, the resumption of travel, holidays, offices, schools and dining out, and an intense heatwave across large parts of the country. Executives said companies had underestimated the surge in pent-up demand after the two-year pandemic-induced gap and they have been caught unawares, with demand exceeding supply. For categories such as air-conditioners, the shortfall is also because of supply disruptions. "Demand is exceeding supplies this summer because of pent-up demand and return of mobility and travel," said Ravi Jaipuria, chairman of Varun Beverages, PepsiCo's largest South Asia bottler. "We are adding manufacturing capacities but it takes time and the new capacities can be operational only next season."

<https://economictimes.indiatimes.com/news/economy/indicators/surge-in-pent-up-demand-consumer-fb-companies-see-summer-supplies-drying-up/articleshow/91731409.cms>

### **Steelmakers may rethink capex Plans**

The Centre's weekend decision to levy a 15% export tax on steel products and iron ore to rein in domestic inflation may force a review of capital expenditure (capex) plans at local steelmakers that risk being outdone by Chinese and Russian mills globally, industry captains told ET. "This quantity (export) cannot be absorbed in the domestic market as almost all steel producers are affected by the new export duty regime," Seshagiri Rao, JSW Steel 's joint managing director, told ET. "Capacity utilisation will fall, and consequent reviews of further capex plans are inevitable."

<https://economictimes.indiatimes.com/industry/indl-goods/svs/steel/steelmakers-may-rethink-capex-plans/articleshow/91729007.cms>

### **PLI for specialty steel could see another deadline extension**

India's PLI Scheme for specialty steel could see another deadline extension — by at least two to three weeks — and some more tweaks, for want of requisite number of takers, a steel ministry official told BusinessLine. The scheme has so far received 10 applications and 58 registrations, officials said. The last date of submission had been extended to May 31. 'Specialty steel' is a downstream, value-added product wherein normal finished steel is worked upon by way of coating, plating, heat treatment etc. It has various strategic applications including in sectors such as defence, space, power, automobiles, and specialised capital goods.

<https://www.thehindubusinessline.com/economy/policy/pli-for-specialty-steel-could-see-another-deadline-extension/article65446808.ece>

## **Agriculture**

### **Punjab targets 12 lakh hectares of paddy area with DSR technique**

Punjab's agriculture department has set a target to bring 12 lakh hectares of paddy area under the direct seeding of rice (DSR) technique, which will be almost double of the area covered last year. According to an official spokesperson, Chief Minister Bhagwant Mann, who also holds the portfolio of agriculture, directed the department to make concerted efforts to bring around 12 lakh hectares under this technique. The DSR needs far less water for irrigation, improves percolation, reduces dependence on farm labour and improves soil health, thus enhancing yield of both paddy and wheat by 5-10 per cent. Under the DSR technique, paddy seeds are drilled into the field with the help of a machine that does seeding of rice and spray of herbicide simultaneously. While in the traditional method, young paddy plants are raised by farmers in nurseries first and then these plants are uprooted and transplanted in a puddled field.

<https://economictimes.indiatimes.com/news/economy/agriculture/punjab-targets-12-lakh-hectares-of-paddy-area-with-dsr-technique/articleshow/91723198.cms>

## **Infrastructure**

### **Infra projects worth Rs 500 crore and more to route through PM GatiShakti's NPG**

All logistics and connectivity infrastructure projects, entailing investment of over Rs 500 crore, would now route through the network planning group (NPG) constituted under the PM GatiShakti initiative with the finance ministry issuing the necessary instructions and creation of the national master plan digital platform, an official said. According to an office memorandum of the department of expenditure dated April 28, a revised format has been issued for Public Investment Board (PIB)/Delegated Investment Board (DIB) project proposals. "The revised format of the PIB/DIB memorandum...will apply to all the PIB/DIB proposals for new projects submitted on or after April 28, 2022," it has said.

<https://economictimes.indiatimes.com/news/economy/infrastructure/infra-projects-worth-rs-500-crore-and-more-to-route-through-pm-gatishaktis-npg/articleshow/91719928.cms>

### **Cost overruns of Rs 4.83 lakh crore impact 425 infra projects**

As many as 425 infrastructure projects, each entailing an investment of Rs 150 crore or more, have been hit by cost overruns of more than Rs 4.83 lakh crore, according to a report. According to the Ministry of Statistics and Programme Implementation, which monitors infrastructure projects of Rs 150 crore and above, out of 1,579

projects, 425 projects reported cost overruns and as many as 664 projects were delayed. "Total original cost of implementation of the 1,579 projects was Rs 21,95,196.72 crore and their anticipated completion cost is likely to be Rs 26,78,365.62 crore, which reflects overall cost overruns of Rs 4,83,168.90 crore (22.01 per cent of the original cost)," the ministry's latest report for March 2022 said.

<https://economictimes.indiatimes.com/news/economy/infrastructure/cost-overruns-of-rs-4-83-lakh-crore-impact-425-infra-projects/articleshow/91720510.cms>

### **Several realtors see home sales cross Rs 10,000 crore on record demand**

Many of India's prominent real estate developers recorded their best ever annual sales in fiscal 2021-22, with several of them topping the ₹10,000-crore mark for the first time, amid strong demand for houses after the first two Covid-19 waves. Buyers and investors continued to invest in residential real estate, as per the annual sales data from listed and major developers like Macrotech (Lodha), DLF, M3M, Sobha, Godrej Properties, Brigade and Mahindra Lifespace Developers, despite the second and third Covid-19 waves.

<https://economictimes.indiatimes.com/industry/services/property/-/construction/several-realtors-see-home-sales-cross-rs-10000-crore-on-record-demand/articleshow/91729141.cms>

### **Cheaper steel, cement supplies to help realtors trim construction costs**

India's property developers, which are among the biggest employers of both skilled and unskilled labour, are set to benefit from the Centre's move late Saturday to ensure cheaper supplies of steel and cement - the two biggest commodities used in construction. "The momentous move by the government to reduce import duties on steel products should provide a sigh of relief to all stakeholders," said Harsh Vardhan Patodia, president, CREDAI, the apex industry association. "Additionally, the reduction in import duty of iron ore and steel intermediates will further bolster the availability of raw materials domestically, cool off the prices of steel products, and help tide over the rise in prices of projects, strengthening consumer sentiment."

<https://economictimes.indiatimes.com/industry/services/property/-/construction/cheaper-steel-cement-supplies-to-help-realtors-trim-construction-costs/articleshow/91728810.cms>

## **Energy**

### **Fuel dealers claim they are under pressure to curb sales, caution state-run OMCs against supply cuts**

Dealers of retail outlets of state-run oil marketing companies (OMCs) have requested Indian Oil Corporation, Bharat Petroleum Corporation and Hindustan Petroleum Corporation HPCL not to curtail fuel supply for retail sales to curb their losses. In a letter addressed to oil industry coordinator, which is BPCL, Consortium of Indian Petroleum Dealers, an association of fuel retail dealers, claimed they are under pressure to keep petrol and diesel sales under control and said it is afraid the situation may lead to fuel shortage at retail outlets and cause law and order problems. "We, the OMC dealers, are now being pressurised by the companies to be cautious in our sale of fuel, both petrol and diesel, especially the latter and that we should not sell more and above the normal sale," the letter alleged, adding that dealers are advised to restrain sale to new customers and cater to only existing customers.

<https://economictimes.indiatimes.com/industry/energy/oil-gas/fuel-dealers-claim-they-are-under-pressure-to-curb-sales-caution-state-run-omcs-against-supply-cuts/articleshow/91729072.cms>

## **States**

### **Yogi Govt to launch family ID card to map govt scheme beneficiaries across state**

The Uttar Pradesh government is working to launch a family identity card called Parivar Kalyan Card to map each family in the state. The new 12 digit card will help the state government map all the families and the benefits of several government schemes received by a family. A presentation was made before chief minister Yogi Aditya Nath last week describing in detail about the card. ET has seen the presentation which advocates making the ration card data as the base for the family card. "If we use ration cards as the base, 60 per cent of the families will be mapped under the family identity card in just a few days," a government source told ET.

<https://economictimes.indiatimes.com/news/india/yogi-govt-to-launch-family-id-card-to-map-govt-scheme-beneficiaries-across-state/articleshow/91729080.cms>

### **Maharashtra, Kerala, Rajasthan reduce VAT on petrol, diesel after Centre cuts excise duty**

Maharashtra, Rajasthan and Kerala have decreased VAT on petrol and diesel after Finance Minister Nirmala Sitharaman's call to provide further relief to consumers following a cut in excise duty by the Centre, though some other states appeared reluctant citing their inability to take more strain on revenue. The Shiv Sena-led Maharashtra government slashed the VAT on petrol by Rs 2.08 per litre and diesel by Rs 1.44 per litre. A statement issued by the government said the state exchequer will have to bear an annual loss of Rs 2,500 crore as a result of this decision.

<https://economictimes.indiatimes.com/news/india/maharashtra-kerala-rajasthan-reduce-vat-on-petrol-diesel-after-centre-cuts-excise-duty/articleshow/91726200.cms>

### **TN govt amends Revenue Standing Order to streamline exchange of land**

The Tamil Nadu government has amended the Revenue Standing Order 26A over the exchange of land parcels between the State government and educational institutions/industries. This was done based on the five-member panel recommendations consisting of five senior bureaucrats, including the Finance Secretary N Muruganandam. Under the rules for replacing existing RSO 26A, the land exchange may be given for agricultural and non-agricultural purposes. The exchange of land is not a matter of right and must be undertaken to achieve public policy objectives, including consolidation of government land and unlocking private patta for better use.

<https://www.thehindubusinessline.com/news/national/tn-govt-amends-revenue-standing-order-to-streamline-exchange-of-land/article65446539.ece>

### **MCD merger: Delhi's unified municipal corporation comes into existence**

The unified Municipal Corporation of Delhi (MCD) formally came into existence on Sunday as IAS officers Ashwani Kumar and Gyanesh Bharti assumed charge as the new civic body's special officer and commissioner, respectively. The MCD was trifurcated in 2012 during Sheila Dikshit's tenure as the chief minister. It is now reunified by merging three civic bodies -- North, South and East Municipal Corporations. According to municipal officials, Kumar will be the top authority handling the civic affairs till a new House is elected. He said providing the best of civic amenities to the public and improvement of sanitation services will be among his top priorities.

[https://www.business-standard.com/article/current-affairs/mcd-merger-delhi-s-unified-municipal-corporation-comes-into-existence-122052200486\\_1.html](https://www.business-standard.com/article/current-affairs/mcd-merger-delhi-s-unified-municipal-corporation-comes-into-existence-122052200486_1.html)

## **Healthcare**

### **Covid-19: INSACOG confirms presence of BA.4, BA.5 subvariants of Omicron in India**

Central body INSACOG on Sunday confirmed the detection of BA.4 and BA.5 variants of the coronavirus disease (Covid-19) in India – the first one in Tamil Nadu and other in Telangana. India had reported the first case of Omicron BA.4 sub-variant in Hyderabad. First detected in South Africa, it is highly transmissible. According to scientists associated with the Indian SARS-CoV-2 Consortium on Genomics (INSACOG) said that from India, details of a BA.4 sub-variant were entered on GISAID, a global science initiative that provides open access to genomic data of influenza viruses and the coronavirus responsible for the COVID-19 pandemic.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/healthcare/covid-19-insacog-confirms-presence-of-ba-4-ba-5-subvariants-of-omicron-in-india/articleshow/91727463.cms>

### **SII seeks permission for trial of Covovax as booster for ages 2 to 18 yrs**

The Serum Institute of India (SII) has sought permission from the country's drug regulator to conduct Phase-3 trial to evaluate the safety and immunogenicity of its COVID-19 vaccine Covovax as a booster dose in children aged two to 18 years, official sources said on Sunday. The Drugs Controller General of India (DCGI) had granted permission in March for conducting Phase-3 clinical trial of Covovax as a booster dose in adults. In an application, SII Director for Government and Regulatory Affairs Prakash Kumar Singh has sought permission to conduct the Phase-3, observer-blinded, randomised, controlled study in children aged two to 18 years in India who have already received primary vaccination against COVID-19 with Covovax at least six months ago.

[https://www.business-standard.com/article/current-affairs/sii-seeks-permission-for-trial-of-covovax-as-booster-for-ages-2-to18-yrs-122052200596\\_1.html](https://www.business-standard.com/article/current-affairs/sii-seeks-permission-for-trial-of-covovax-as-booster-for-ages-2-to18-yrs-122052200596_1.html)

## External

### India has its plate full meeting Gulf's basmati rice demand

Indian basmati rice is getting a premium of \$20-30 (₹1,550-2,330) per tonne from countries in the Middle East, as rumours spread that New Delhi may put a ban on the export of the commodity to help cool local inflation. Exporters have received communication from buyers to urgently ship the aromatic, long-grain rice, trade sources said. A firm price trend in global markets has pushed up domestic basmati prices by up to 15% in the last two weeks. The export price of basmati rice, which was \$1,200 per tonne in November last year when the crop began arriving, cooled slightly but increased again in the past two weeks to \$1,350. Middle eastern buyers are paying the premium over this price. "We are suddenly witnessing a huge demand from the Middle East," said Gautam Miglani, who owns Haryana-based basmati rice exporter LRNK. "The buyers are offering exporters a premium for urgent shipping of the grain. Rumours are going around that the government might put an export ban on basmati rice after it had banned wheat exports. This is fuelling the exports."

<https://economictimes.indiatimes.com/news/economy/agriculture/india-has-its-plate-full-meeting-gulfs-basmati-rice-demand/articleshow/91731751.cms>