



June 02, 2022 – Thursday

Key Developments

IRDAI eases approval norms for health, general insurance products

In a bid to improve ease of doing business, regulator Irdai on Wednesday allowed insurers to offer health and most of the general insurance products to customers without its prior approval. Irdai has tweaked the 'Use and File' procedure for all the health insurance products and almost all the general insurance products in line with the reform agenda taken up towards having a fully insured India. "This is a stepping stone towards improving the ease of doing business in the insurance sector by moving from the current regime requiring prior approval for launching the products to a regime where products could be launched without any prior approval," it said. The regulator further said that it is envisaged that the initiatives will enable the insurance industry in launching suitable products in a timely manner.

https://www.business-standard.com/article/companies/irdai-eases-approval-norms-for-health-general-insurance-products-122060101227_1.html

MCA extends deadline for filing comprehensive CSR form

The Centre has now given one more month for Corporate India to furnish a comprehensive report on their corporate social responsibility (CSR) activities for the financial year 2020-21. As against the earlier specified extended deadline of May 31 this year to file the 11-page form (CSR-2) for this purpose, the Corporate Affairs Ministry has again extended the last date to June 30, sources said. The filing of the 11 page form is expected to give the government a comprehensive picture of the CSR funds spent and activities carried out by the Corporate India. This form to be submitted to the Registrar of Companies for the preceding financial year (2020-21) and onwards, the Ministry of Corporate Affairs (MCA) had earlier said. For the information related to FY21, the CSR-2 had to be submitted by the end of March 2022. This was then extended to May 31 and now to June 30. Meanwhile, the MCA has now said that form CSR2 for the financial year 2021-22 should be filed separately on or before March 31, 2023 after filing Form AOC4 or AOC 4 XBRL or AOC -4 NBFC (Ind AS) as the case may be.

<https://www.thehindubusinessline.com/economy/policy/mca-extends-deadline-for-filing-comprehensive-csr-form/article65484369.ece>

Economy

Manufacturing PMI steadies in May on increased orders despite inflation

India's manufacturing sector growth steadied in May on the back of rising international orders despite an increase in prices. The S&P Global India Manufacturing Purchasing Managers' Index (PMI) was recorded at 54.6 in May, a minor change from 54.7 in April. New orders and production continued to rise at the pace registered in April. "...with the sharpest rise in international sales for 11 years, total new orders expanded further. In response to demand resilience, companies continued with their efforts to rebuild stocks and hired extra workers accordingly," said Pollyanna De Lima, Economics Associate Director at S&P Global Market Intelligence. Manufacturers continued to scale up production in May on sustained improvement in demand and looser COVID-19 restrictions; signaling a further increase in output prices. "There was little movement in the rate of input price inflation during May, which

remains historically high, but output charge inflation surged to its highest in over eight-and-a-half years as companies continued to transfer additional cost burdens to their clients," said De Lima.

https://www.business-standard.com/article/economy-policy/manufacturing-pmi-steadies-in-may-on-increased-orders-despite-inflation-122060100594_1.html

Facing record-high inflation, Indian consumers' spending down by 18 per cent

With the country grappling with record-high inflation, Indian consumers cut back on spending in a big way. According to the Deloitte Touche Tohmatsu India report released on Wednesday, there was an 18 per cent decrease in both discretionary and non-discretionary spending by Indian consumers. "This decrease suggests a change in consumer behaviour as consumers prepare themselves for the possibility of financial instability in the future," noted the report. According to the recent analysis done by Deloitte, consumer perception towards travel has witnessed a fall in the proportion of people willing to fly or stay in hotels. This trend can especially be noticed among individuals travelling for business purposes, where the percentage declined by 3 per cent since the previous analysis done by the consultancy firm.

<https://www.thehindubusinessline.com/economy/facing-record-high-inflation-indian-consumers-spending-down-by-18-per-cent/article65483982.ece>

GST collections slip below Rs 1.5-trn mark in May despite 44% YoY increase

Goods and services tax (GST) collections slipped below the Rs 1.5 trillion mark in May. India saw gross GST collections of Rs 1.41 trillion during the month. However, the collections in May are 44 per cent higher than the same month in 2021. In April, GST collections had touched a record high of Rs 1.68 trillion, surpassing the Rs 1.5-trillion mark for the first time. "The collections in the month of May, which pertains to the returns for April (the first month of the financial year), have always been lesser than that in April, which pertains to the returns for March, the closing of the financial year, finance ministry stated on Wednesday while releasing the monthly collection figures. It further said that it is encouraging to see that even in the month of May, the gross GST revenues have crossed the Rs 1.41 trillion mark.

https://www.business-standard.com/article/economy-policy/gst-collections-slip-below-rs-1-5-trn-mark-in-may-despite-44-yoy-increase-122060100737_1.html

Finance secretary appeals states to optimise Aadhaar use within legal framework

Finance Secretary T V Somanathan on Wednesday appealed states and Union Territories to optimise use of Aadhaar within the existing legal framework for improving delivery of services to people. While speaking at a workshop organised by Unique Identification Authority of India (UIDAI), Somanathan said Indians must be proud of the fact that Aadhaar was created by India, not copied from the western world. He said that everybody shares a social security number in the United States and it is not a state secret there. "We already have a supreme court judgment on this subject and there is a law. So, within the contours of that law and sticking within the parameters of the law, we should unabashedly do everything that will help us to maximize the potential of Aadhaar without having any sort of apprehension that something is wrong," Somanathan said.

<https://economictimes.indiatimes.com/news/economy/policy/finance-secretary-appeals-states-to-optimise-aadhaar-use-within-legal-framework/articleshow/91947279.cms>

Banking and Finance

RBI brings out new norms for safety settlement of non-centrally cleared OTC derivatives

The Reserve Bank of India (RBI) on Wednesday issued guidelines to market participants regarding exchange of variation margin (VM) for non-centrally cleared derivatives (NCCDs). RBI issued the Master Directions covering NCCDs -- foreign exchange derivative contracts, interest rate derivative contracts, credit derivative contracts and any other NCCD as may be specified by the central bank -- to improve safety of settlement of over-the-counter (OTC) derivatives that are not centrally cleared. NCCDs mean derivative contracts whose settlement is not guaranteed by a central counterparty. Variation margin means the collateral that is collected or paid to reflect the current mark-to-market exposure resulting from changes in the market value of a derivative contract.

<https://www.thehindubusinessline.com/money-and-banking/rbi-brings-out-new-norms-for-safety-settlement-of-non-centrally-cleared-otc-derivatives/article65484285.ece>

UPI crosses ₹10-lakh crore payment mark in May 2022

Reflecting its growing popularity and adoption, the value of transactions on the Unified Payments Interface (UPI) crossed a new milestone of ₹10-lakh crore in May 2022. As many as 595 crore transactions worth ₹10.41-lakh crore were processed on the UPI platform in May this year from 558 crore payments of ₹9.83-lakh crore in April 2022, according to data released by the National Payments Corporation of India. It is expected that the volume of transaction will cross the 600 crore mark this month. UPI transactions had crossed the ₹1-lakh crore mark in December 2018 and after a dip in April 2020, the volume and value of payments on the platform have been steadily on the rise. NPCI has set a target of 100 crore transactions on UPI per day over the next three to five years.

<https://www.thehindubusinessline.com/money-and-banking/upi-crosses-10-lakh-crore-payment-mark-in-may-2022/article65482751.ece>

Industry

GeM: Now MSMEs can sell to cooperatives as well on govt's e-commerce portal

The Union Cabinet, chaired by Prime Minister Narendra Modi, on Wednesday approved the inclusion of cooperatives as buyers on the public procurement marketplace Government eMarketplace (GeM). Launched in August 2016, GeM so far allowed procurement of goods and services by government departments, ministries, and public sector units (PSUs) from MSMEs and others enterprises. "This will bring transparency into cooperatives, help them benefit from the GeM marketplace, and give GeM sellers access to a bigger base of buyers," Information and Broadcasting Minister Anurag Thakur told reporters in a Cabinet briefing. Currently, GeM is not available for private sector buyers while sellers could be from across all segments including government or private. The Cabinet noted that validated list of cooperatives to be onboarded on GeM for pilot as well as subsequent scale up will be decided by Ministry of Cooperation in consultation with GeM Special Purpose Vehicle (SPV). This will ensure that technical capacity and logistics requirement of the GeM system are taken into account while deciding the pace of on boarding of Cooperative as buyers on GeM, said a Cabinet statement.

<https://www.financialexpress.com/industry/sme/msme-eodb-cabinet-approves-expanding-gem-mandate-to-allow-procurement-by-cooperatives-as-buyers/2545375/>

Have urged MNCs to set up R&D centres in India: DPIIT Secretary

India has urged multi-national companies to set up research and development (R&D) centres in the country as it is going to be the hub of innovation and knowledge for the next two-three decades, a top government official said. Secretary in the Department for Promotion of Industry and Internal Trade (DPIIT) Anurag Jain said he asked for this during a series of meetings with global firms on the sidelines of the World Economic Forum (WEF) meet in Davos, which concluded recently. "I have urged them to open R&D centres in India as we are going to be the hub of knowledge and innovation for the next 2-3 decades. Given the success of digital India, a vibrant startup ecosystem, improving infrastructure and a stable macro-economic policy regime, India has emerged as the most attractive investment destination," Jain told PTI.

<https://economictimes.indiatimes.com/news/economy/policy/have-urged-multi-national-companies-to-set-up-rd-centres-in-india-dpiit-secretary/articleshow/91935975.cms>

India's FMCG sector grows at 6% in Q4; volumes contract on low consumption

India's fast-moving consumer goods (FMCG) market grew 6 per cent in the January-March quarter over last year led by double-digit price growth, according to Nielsen IQ's report. However, the sector's volume stood at -4.1 per cent compared to last year due to a decline in consumption across all zones and town classes. "A decline in consumption is echoed across all zones and the town classes, but more prominent in rural markets, which saw a 5.3 per cent dip – the highest consumption slowdown in the last three quarters. The south and north zones witnessed more than 5 per cent volume decline," Nielsen IQ said in its release. The report also said that rural markets witnessed higher price increases than urban markets (11.9 per cent in rural compared with 8.8 per cent in urban in the quarter) in the country. This caused more stress on consumption.

https://www.business-standard.com/article/companies/india-s-fmcb-sector-grows-at-6-in-q4-volumes-contract-on-low-consumption-122060100606_1.html

Automakers see robust domestic dispatches in May as demand remains strong

Leading carmakers Maruti Suzuki, Hyundai and Tata Motors reported robust dispatches to dealers in May on the back of strong demand for passenger vehicles across regions, even as the global semiconductor shortage continued to impact production. Mahindra & Mahindra, Kia India, Toyota Kirloskar Motor, Honda Cars and Skoda also witnessed strong demand for their models last month. The month of May also witnessed Tata Motors race ahead of Hyundai in terms of domestic wholesales. The country's largest carmaker Maruti Suzuki India (MSI) said its domestic sales stood at 1,34,222 units in May. The company had dispatched just 35,293 units in May 2021 amid the second wave of COVID-19 pandemic in the country. The period saw massive disruptions which impacted both production and sale of cars.

https://www.business-standard.com/article/automobile/automakers-see-robust-domestic-dispatches-in-may-as-demand-remains-strong-122060101101_1.html

Auto industry readies ₹30,000-crore capex for FY23

Confident of having hit a strong demand upcycle, vehicle manufacturers and their component partners will spend more this year than any of the earlier years on new capacity creation, new products and development of new technologies. As per the initial guidance on capital expenditure (capex) provided by some of India's top-listed automotive and automotive ancillary companies, ₹30,000 crore is earmarked for FY23. New factories from Maruti Suzuki, Tata Motors, Mahindra & Mahindra (M&M), expansion of output at current factories by JK Tyre and Ceat, and ongoing investments for new products and technologies by all manufacturers would consume the capex.

<https://www.thehindubusinessline.com/companies/auto-industry-readies-30000-crore-capex-for-fy23/article65483050.ece>

Steel prices crash as export duty weigh heavy, demand dries-up

Steel prices have crashed to ₹64,000-65,000 a tonne from ₹71,000 last month on expectation of a supply glut on levy of 15 per cent export duty. Prices were hovering at ₹76,000 a tonne in April. Interestingly, the excess supply comes amid forecast of weak demand with onset of south-west monsoon slowing down infrastructure activities from this month. Moreover, most of the stockists are refusing to build inventory on expectations that prices will fall further in coming days. Markets expect steel prices to touch ₹60,000 a tonne next month and drop to ₹55,000 in August but may not touch ₹40,000-45,000-level seen during the peak Covid pandemic times.

<https://www.thehindubusinessline.com/markets/commodities/steel-prices-crash-as-export-duty-weigh-heavy-demand-dries-up/article65484125.ece>

Agriculture

Use of AI, tech can address challenges in Indian agriculture sector, says new report

Even as agriculture remains a priority sector accounting for the livelihoods of around 58 per cent of the country's population, adoption of technology in the sector is at a transitory juncture and faces several challenges across the value chain, according to a report. Though agriculture in India is at a transitory juncture, with a focus on integration of technologies for better operations, the sector faces several challenges across the value chain, said a report by PwC and FICCI. The report titled 'Redefining agriculture through artificial intelligence: Predicting the unpredictable' said that these challenges require disruptive interferences which can be provided by technological solutions. The entire system needs to adapt to a holistic approach which can be built upon indigenous and traditional farming knowledge integrated with transformative smart farming practices, including adoption of Artificial Intelligence (AI) tools and techniques, it noted.

<https://economictimes.indiatimes.com/news/economy/agriculture/use-of-ai-tech-can-address-challenges-in-indian-agriculture-sector-says-new-report/articleshow/91945030.cms>

Infrastructure

Concession period hiked to 45 yrs for proposed multi-modal logistics parks

The government has increased the concession period for the proposed Multi-Modal Logistics Parks (MMLPs) under the Bharatmala scheme to 45 years from 30 years. The ministry of road transport and highways has also changed the bid parameters for these projects and linked those to the minimum guaranteed revenue share. "Extending the

concession period was a market requirement. The earlier plan was 30 years, extendable by another 30 years. Interested developers were saying that since there are three development phases of five years each, they would get only 15 years of operational period for full facilities," Prakash Gaur, chief executive of National Highways Logistics Management Ltd (NHLML), told ET.

<https://economictimes.indiatimes.com/news/economy/infrastructure/concession-period-hiked-to-45-yrs-for-proposed-multi-modal-logistics-parks/articleshow/91948999.cms>

Coal boosts Railways' monthly freight loading in May to record high

Indian Railways on Wednesday said it has recorded its best ever monthly freight loading in May 2022 at 131.6 million tonnes (MT) aided by transporting higher quantities of coal, a key resource for generating power, as well as supplying more cement, clinker and food grains. "Indian railways has carried forward the momentum of the previous year in the year 2022-23 as well, and has recorded best ever monthly freight loading of 131.6 MT in May 2022. With this, Indian Railways has had 21 straight months of best ever monthly freight loading," Indian Railways(IR) said.

<https://www.thehindubusinessline.com/companies/coal-boosts-railways-monthly-freight-loading-in-may-to-record-high/article65484749.ece>

Surat airport is gearing up for a makeover

The airport in India's diamond hub, Surat, is all set for a makeover with the Airport Authority of India developing it at a cost of Rs 353 crore. Surat Airport serves a vast number of businesses around the country, since it is directly linked to 16 cities across the country. The airport's new world-class terminal building will improve connectivity to this industrial city, boosting the region's overall growth. The project entails expanding the existing terminal building from 8474 sqm to 25520 sqm. Aside from the terminal building development, work on expanding the apron from five to 18 parking spaces and constructing a parallel taxi track (2905 m X 30 m) is also underway.

https://economictimes.indiatimes.com/industry/transportation/airlines/-aviation/surat-airport-is-gearing-up-for-a-makeover-here-are-the-details/articleshow/91937275.cms?utm_source=ETTopNews&utm_medium=HPTN&utm_campaign=AL1&utm_content=23

Energy

Government to replace 58,000-MU thermal power with 30-GW RE by FY26

The government has floated a scheme for replacing around 58,000 million units (MU) of thermal power with 30,000 megawatts (MW) of renewable energy (RE) by FY26. The move is aimed at speeding up the utilisation of RE power in the country's energy mix to meet COP 26 commitments. The exercise is expected to save 34.7 million tonnes (MT) of coal and reduce carbon emissions by 60.2 MT. There is a scope for replacement of thermal power with RE power in the country. The existing regulations of Central Electricity Regulatory Commission (CERC) define a technical minimum of 55 per cent up to which thermal power plants (TPPs) in the country can be operated. Reduction in generation from TPPs is feasible to lower levels of technical minimum of 40 per cent in two-three years, Power Ministry said.

<https://www.thehindubusinessline.com/economy/government-to-replace-58000-mu-thermal-power-with-30-gw-re-by-fy26/article65484463.ece>

Record renewables output helps coal shortage in May despite power demand

Record green energy output reduced Indian dependence on coal in May, despite 23.5% growth in power demand, contributing to a rise in utilities' coal inventories, a Reuters analysis of government data showed. Surging supply from renewables will go some way towards mitigating India's coal shortage amid extraordinarily rapid growth in demand, which has forced the country to reopen mines and return to importing the fuel. The share of renewable energy sources in power output rose to 14.1% in May from 10.2% in April. Coal made room for it, dropping to 72.4% of Indian generation from 76.8%. Coal's share was still higher than its 70.9% of May 2021, however.

https://www.business-standard.com/article/economy-policy/record-renewables-output-helps-coal-shortage-in-may-despite-power-demand-122060100716_1.html

Coal India production rises 28% in April-May at 108 million tonne

State-owned CIL on Wednesday said it produced 108.2 million tonne of coal in the first two months of the ongoing fiscal year, registering year-on-year increase of 28.8 per cent. The company had produced 84 million tonne (MT) of coal in April-May last fiscal year, Coal India Ltd (CIL) said in a filing to BSE. The company's output in May increased to 54.7 MT from 42.1 MT in the corresponding month of previous fiscal year, the filing said. "Accelerating its production, CIL posted a strong 30 per cent output growth in May'22. The increase in volume terms was 12.6 MT," the PSU said in another filing. Facing a production target of 700 MT for 2022-23, which entailed 12.4 per cent growth rate at the beginning of the fiscal year, CIL brought down the year's asking growth rate to 9.9 per cent by the end of last month.

https://www.business-standard.com/article/markets/coal-india-production-rises-28-in-april-may-at-108-million-tonne-122060100865_1.html

India's petrol and diesel sales soar 56% in May on surge in summer travel

India's petrol and diesel sales soared in May on the back of a surge in summer travel to escape from the heat and vacation during annual breaks at educational institutions, preliminary industry data showed on Wednesday.

Petrol sales by state-owned fuel retailers, which control roughly 90 per cent of the market, at 2.8 million tonnes in May was 55.7 per cent higher than the same period last year when a devastating second COVID-19 wave wreaked havoc on the economy. This consumption was 76 per cent higher than the demand in May 2020 and 12 per cent more than 2.5 million tonnes of sales in the pre-COVID May 2019. Month-on-month sales were up 8.2 per cent, as per the preliminary data. Industry sources said consumption in May is higher because of demand returning after high prices in the previous month impacted sales. Also aiding the demand was the start of the harvesting season.

https://www.business-standard.com/article/markets/india-fuel-sales-soar-by-76-in-may-due-to-summer-travel-usage-122060100831_1.html

Indian private refiners profit from cheap Russian crude as state refiners suffer

There's a split emerging in India's refining sector as private refiners tap cheap Russian crude and boost profits from exports just as domestically focused state refiners get squeezed by high oil costs and government-capped domestic fuel prices. While many Western buyers are avoiding Russian crude in response to its invasion of Ukraine, Indian private refiners such as Reliance and Nayara have been among the biggest buyers this year of discounted Russian supplies. They are reaping major profits by reducing domestic sales and aggressively boost fuel exports, including to buyers in Europe, which is now boycotting imports of Russian energy.

<https://economictimes.indiatimes.com/industry/energy/oil-gas/indian-private-refiners-profit-from-cheap-russian-crude-as-state-refiners-suffer/articleshow/91935534.cms>

ATF price cut by 1.3 per cent, commercial LPG rate reduced by Rs 135

Jet fuel prices on Wednesday were cut by 1.3 per cent — the first reduction after 10 rounds of price hikes — on softening international crude oil rates. Simultaneously, prices of commercial LPG — used by business establishments such as hotels and restaurants — were reduced by Rs 135 per 19-kg cylinder. The price of aviation turbine fuel (ATF) — the fuel that helps aeroplanes fly — has been reduced by Rs 1,563.97 per kilolitre, or 1.27 per cent, to Rs 1,21,475.74 per kl (Rs 121 per litre) in the national capital, according to a price notification of state-owned fuel retailers. This is the first reduction after 10 rounds of price increases this year. Rates were hiked by Rs 6,188.25 per kl, or 5.29 per cent, on May 16, to a record high level of Rs 1,23,039.71 per kl. Commercial LPG rates were reduced to Rs 2,219 per 19-kg cylinder, from Rs 2,354, the notification showed. Prior to the cut, rates of commercial LPG had risen by Rs 355.5 per cylinder this year.

<https://www.financialexpress.com/economy/atf-price-cut-by-1-3-per-cent-commercial-lpg-rate-reduced-by-rs-135/2545092/>

External

Turkey rejects Indian wheat consignment on phytosanitary concerns: Report

Turkish authorities have denied permission to Indian wheat consignment over phytosanitary concerns, prompting a ship to initiate its return journey on May 29, traders were quoted as saying by S&P Global Commodity Insights on Tuesday. According to S&P Global Commodity Insights report, the MV Ince Akdeniz loaded with 56,877 tonnes of durum wheat is now headed back to Kandla port in Gujarat from Turkey. "The wheat consignment was detected

with Indian Rubella disease and was rejected by the Turkish ministry of agriculture and forestry," a trader based in Istanbul told S&P. The vessel will return to Kandla by mid-June, the trader added.

https://www.business-standard.com/article/economy-policy/turkey-rejects-indian-wheat-consignment-on-phytosanitary-concerns-report-122060100640_1.html