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Economy

Desalination plants across the coastline in the works to fight water crisis

The government is drawing up a roadmap for setting up commercially viable desalination plants to make sea water usable across the country's coastline in line with its target of supplying clean piped water to every household by 2024. The initial plan is to set up plants in the islands of Daman & Diu and Dadra & Nagar Haveli, a senior government official said, adding that it would be replicated across the entire 7,500 km of the country's coastline. Research and development on the multi-stage flash vaporisation technology to upscale it and commercialise its usage is going on with the help of official think tank Niti Aayog. "The Aayog will soon come up with a roadmap for the Jal Shakti ministry to help set up commercially viable desalination plants using the above technology," the official told ET.

<https://economictimes.indiatimes.com/news/india/desalination-plants-across-the-coastline-in-the-works-to-fight-water-crisis/articleshow/92639367.cms>

Despite higher taxes on gold imports, current account deficit to more than double: Reports

The Centre's raft of measures to improve the trade balance will unlikely arrest the rupee's fall with India's current account deficit, or the excess of imports over exports, set to more than double in FY23. While the export duty on oil could improve government finances marginally, the raising of import costs for gold is unlikely to curb local demand for the yellow metal. Economists forecast the rupee to breach the 80-per-dollar mark soon. "The measures are non-inflationary, will not improve the current account, but could have a positive impact on the Centre's fiscal finances," Nomura said in a report. Nomura, however, kept its forecast for fiscal deficit unchanged at 6.8% of GDP for FY23, considering that the excise duty may not continue for the entire year. Nomura also maintained its current account deficit prediction at 3.3% of GDP in FY23, from 1.2% in FY22.

<https://economictimes.indiatimes.com/news/economy/indicators/despite-higher-taxes-on-gold-imports-current-account-deficit-to-more-than-double-reports/articleshow/92635581.cms>

Banking and Finance

Sebi seeks information on companies with high ratings via 'support structures'

The Securities and Exchange Board of India (Sebi) has asked credit rating agencies to share information on all corporates whose ratings are propped up with promoter or parent guarantees and pledge of shares. The capital market regulator has also sought details on companies which have been refusing, often for years, to share data with rating firms. Companies lower cost of borrowings on bank loans and bonds through mechanisms like 'letter of comfort', 'letter of undertaking', and stock collaterals which improve credit ratings by a few notches. Sebi would analyse the data in the wake of the Reserve Bank of India (RBI) voicing its reservations on these arrangements - describing them as "diluted and non-prudent support structures".

<https://economictimes.indiatimes.com/industry/banking/finance/sebi-seeks-information-on-companies-with-high-ratings-via-support-structures/articleshow/92641522.cms>

ECLGS: Loans worth Rs 3.32 lakh crore sanctioned to MSMEs, others till April 2022, shows RBI report

Loans amounting to Rs 3.32 lakh crore were sanctioned under the Emergency Credit Line Guarantee Scheme (ECLGS) till April 30, 2022, of which Rs 2.54 lakh crore amount was disbursed, the Reserve Bank of India (RBI) said in its latest Financial Stability Report. The drawdown under ECLGS 1.0, 2.0 and its extension comprised over 97 per cent of the total guarantees issued. Launched on May 20, 2020, Rs 5-lakh-crore ECLGS provided 100 per cent guarantee coverage from National Credit Guarantee Trustee Company Limited (NCGTC) to select borrowers. It was originally devised for MSMEs and business enterprises whose total fund-based credit outstanding across all lending institutions was up to Rs 25 crore. Private banks showed a greater appetite than public banks in utilising different versions of ECLGSs. According to the data, Rs 95,700 crore was disbursed to fresh borrowers and Rs 34,600 crore to repeat borrowers by private banks in comparison to Rs 79,800 crore to fresh borrowers and Rs 18,300 crore to repeat borrowers by public banks. On the other hand, NBFCs had disbursed Rs 20,800 crore to fresh borrowers and Rs 7,700 to repeat borrowers.

<https://www.financialexpress.com/industry/sme/msme-fin-eclgs-loans-worth-rs-3-32-lakh-crore-sanctioned-to-msmes-others-till-april-2022-shows-rbi-report/2581053/>

Banking frauds of over Rs 100 cr see significant decline in FY'22

Frauds in the banking sector involving sums of over Rs 100 crore have declined significantly, with banks reporting cases worth Rs 41,000 crore in 2021-22 compared to Rs 1.05 lakh crore in the previous year. According to official data, the number of fraud cases in private as well as public sector banks dropped to 118 in FY22 from 265 in 2020-21. In the case of public sector banks (PSBs), the total number of fraud cases of over Rs 100 crore declined to 80 from 167 in FY'21, while for private sector lenders such cases reduced to 38 in FY'22 from 98 earlier, as per the data. In terms of cumulative amount, it has come down to Rs 28,000 crore from Rs 65,900 crore in FY'21 for PSBs. For private sector banks, the reduction is from Rs 39,900 crore to Rs 13,000 crore in FY'22. In a bid to check frauds, the RBI has been taking several steps including improving efficacy of Early Warning System (EWS) framework, strengthening fraud governance and response system, augmenting data analysis for monitoring of transactions and introduction of dedicated Market Intelligence (MI) Unit for frauds.

<https://www.financialexpress.com/industry/banking-finance/banking-frauds-of-over-rs-100-cr-see-significant-decline-in-fy22/2580901/>

Centre red-flags 'disturbing trends' in states' finances

The Centre has red-flagged 'disturbing trends' in several states' finances and cautioned them citing the economic crisis in Sri Lanka and Pakistan. This was alerted at a high-level meeting of the Centre with all state chief secretaries in Dharamshala on June 16-17. High off-budget borrowings by several states, escrowing of future revenue, loans secured against public assets like hospitals, courts and parks and burgeoning power dues were flagged off by the Centre at the meeting chaired by prime minister Modi, ET has learnt. A recent RBI paper had raised concerns about the building fiscal stress across many debt-ridden states. A finance ministry overview presented at the meet shed light on the worrying financial situation across several states. Off balance sheet/ off budget borrowings were red-flagged as a key 'disturbing trend' in this overview, ET gathers.

<https://economictimes.indiatimes.com/news/economy/policy/centre-red-flags-disturbing-trends-in-states-finances/articleshow/92639410.cms>

E-invoicing 'soon to be mandated' for units with over ₹10-cr turnover

Businesses with an annual turnover of more than ₹10 crore and then for more than ₹5 crore will soon be required to issue e-invoice. As on date, e-invoice is mandatory for businesses with an annual turnover of over ₹20 crore. E-invoicing prescribes a standardised format of an invoice that can be read by a machine. It is a system in which B2B invoices are authenticated electronically by the Goods & Services Tax Network (GSTN) for further use on the common GST portal. Under the electronic invoicing system, an identification number will be issued against every invoice by the invoice registration portal (IRP) to be managed by the GSTN. Businesses for which e-invoicing is mandated and if they do not do so then, their invoice will not be valid. In such a situation, input tax credit (ITC) on the same cannot be availed by the recipient, besides attracting applicable penalties

<https://www.thehindubusinessline.com/economy/e-invoicing-soon-for-businesses-with-a-turnover-exceeding-10-cr-5-cr-or-more-next/article65594972.ece>

Drug pricing regulator NPPA fixes retail prices of 84 drug formulations

Drug pricing regulator NPPA has fixed the retail prices for 84 drug formulations, including those used for treatment of diabetes, headache and high blood pressure. The National Pharmaceutical Pricing Authority (NPPA) has also fixed the prices of formulations indicated to reduce increased cholesterol and triglycerides levels, among others. In exercise of the powers conferred by the Drugs (Prices Control) Order, 2013, the NPPA has fixed the retail prices of the medications, the regulator said in a notification. As per the order, a single tablet of Voglibose and (SR) Metformin Hydrochloride will cost Rs 10.47, excluding GST. Similarly, the price of Paracetamol and Caffeine has been fixed at Rs 2.88 per tablet. Besides, the price of one Rosuvastatin Aspirin and Clopidogrel capsule has been fixed at Rs 13.91.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals/drug-pricing-regulator-nppa-fixes-retail-prices-of-84-drug-formulations/articleshow/92632991.cms>

FMCG, electronic goods see lower sales in June vs May

India's fast-moving consumer goods (FMCG) market fell 1% in value while sales of electronic goods such as air-conditioners and refrigerators dipped 25% in June from May, indicating higher prices continue to hurt demand. This is the second consecutive decline for FMCG and consumer electronics sequentially, according to the latest report by Bizom and industry estimates. "We see a slowdown in demand but the market is still growing at an overall level, especially biscuits, where price hikes have been lower compared to other segments," said Parle Products senior category head Mayank Shah. "There is also an impact of seasonality when compared with sequential months, which could have reflected in the declining numbers."

<https://economictimes.indiatimes.com/industry/cons-products/fmcf/fmcf-electronic-goods-see-lower-sales-in-june-vs-may/articleshow/92639641.cms>

Agriculture

With low rains in June, 5 eastern States need a contingency plan; all eyes on July

The five Eastern States – Odisha, Chhattisgarh, Jharkhand, West Bengal and Bihar - which together contribute one-fifth of the country's total kharif sown normal acreage of 1,073 lakh hectares (lh)-- have seen hardly any progress in sowing this season due to lower-than-normal rainfall in many districts. With below-normal rainfall expected in July, the region will have to be ready with a contingency plan as 60-65 per cent sowing normally gets completed in the first two months of the monsoon season. Kharif sowing in the five States has reached 16.44 lh until July 1, which is just 8 per cent of the season's normal acreage of 202.87 lh in these States. "July is very crucial as it is also the wettest month of the monsoon season and any significant drop in precipitation could adversely affect sowing operation," said an official. However, there could also be some relief if more number of low pressure systems build up in the Bay of Bengal which is seen to bring rains in these States, particularly in West Bengal and Odisha, experts said.

<https://www.thehindubusinessline.com/economy/agri-business/kharif-sowing-with-low-rains-in-june-5-eastern-states-need-a-contingency-plan-all-eyes-on-july/article65595418.ece>

Infrastructure

Net leasing of office space down 26pc in 7 cities in April-June

Net leasing of office space fell 26 per cent during April-June across seven major cities to 8.5 million square feet as compared to the previous quarter due to lower supply, according to real estate consultant JLL India. In January-March this year, the net absorption stood at 11.55 million square feet. However, net absorption jumped nearly threefold from 2.98 million square feet in the April-June period of last year on a lower base effect. Office demand plunged in the April-June quarter of 2021 because of the second wave of the COVID-19 pandemic. Net absorption is calculated as the new floor space occupied less floor space vacated. Floor space that is pre-committed is not considered to be absorbed until it is physically occupied. On a half-yearly comparison, absorption in the first six months of 2022 is higher than the corresponding period of both 2020 and 2021 and is 87 per cent of the H1 2019 number. This indicates that growth and expansion plans for occupiers were back to a significant extent during the last few quarters.

<https://www.financialexpress.com/industry/net-leasing-of-office-space-down-26pc-in-7-cities-in-april-june/2581250/>

Delhi-NCR sees housing sales fall 19%, new supply down 56% in Apr-Jun

Housing sales in Delhi-NCR fell 19 per cent to 15,340 units in April-June compared to the previous quarter on lower demand due to rise in property prices as well as mortgage rates, according to Anarock data. In January-March 2022, housing sales stood at 18,835 units across NCR. According to data compiled by Anarock, one of the leading real estate consultants in India, the new launches or supply declined 56 per cent in Delhi-NCR to 4,070 units in April-June from 9,300 units in the previous quarter. The unsold housing stocks declined 7 per cent in Delhi-NCR to 1,41,235 units at the end of June quarter from 1,51,500 units as on March 31, 2022. Giving breakup of the Delhi-NCR data, Anarock said that housing sales in Gurugram fell to 7,580 units from 8,850 units. New launches dipped to 2,830 units from 7,890 units.

https://www.business-standard.com/article/economy-policy/delhi-ncr-sees-housing-sales-fall-19-new-supply-down-56-in-apr-jun-122070300310_1.html

Energy

India's fuel sales soar in June; diesel demand register a double-digit growth

India's petrol and diesel sales soared in June on the back of the start of cropping season, summer travels and overall pick up in economic activity, preliminary industry data showed. The start of the cropping season helped diesel demand register a double-digit growth over the pre-pandemic period — a record in recent years. Diesel, the most-used fuel in the country, saw sales jumping 35.2 per cent year-on-year to 7.38 million tonnes in June. This was 10.5 per cent higher than sales in pre-pandemic June 2019 and 33.3 per cent more than June 2020. It was 11.5 per cent higher than 6.7 million tonnes of consumption during May this year. Industry sources attributed the pick up in diesel demand — which first rose above pre-pandemic levels in April — to higher consumption by the agriculture and transport sectors. Petrol sales by state-owned fuel retailers, which control roughly 90 per cent of the market, at 2.8 million tonnes in June were 29 per cent higher than the same period last year when a devastating second COVID-19 wave wreaked havoc on the economy.

<https://www.financialexpress.com/market/commodities/indias-fuel-sales-soar-in-june-diesel-demand-register-a-double-digit-growth/2580970/>

Discoms outstanding dues to power producers rise 4% to Rs 1.32 trn in June

Total outstanding dues owed by electricity distribution companies (discoms) to power producers rose by 4 per cent year-on-year to Rs 1,32,432 crore in June 2022. Discoms owed a total of Rs 1,27,306 crore to power generation firms in June 2021, according to portal PRAAPTI (Payment Ratification And Analysis in Power procurement for bringing Transparency in Invoicing of generators). On a sequential basis, total dues in June increased from Rs 1,30,139 crore in May 2022. In June 2022, the total overdue amount, which was not cleared even after 45 days of grace period offered by generators, stood at Rs 1,15,128 crore as against Rs 1,04,095 crore in the same month a year ago. The overdue amount stood at Rs 1,07,636 crore in May 2022.

https://www.business-standard.com/article/economy-policy/discoms-outstanding-dues-to-power-producers-rise-4-to-rs-1-32-trn-in-june-122070300171_1.html

External

Commerce Ministry looking to release new FTP before September, says official

The commerce ministry is working to release the new five-year foreign trade policy (FTP) before September this year and Districts as Export Hubs scheme would be part of that document, which aims at promoting exports and job creation, an official said. The directorate general of foreign trade (DGFT), the commerce ministry's arm which is formulating the policy, will soon send the proposal to the finance ministry for seeking funds for the scheme. Under the scheme, the aim is to initially focus on 50 districts which have products that are scalable and hold huge export potential, the official said. The DGFT would follow a "challenge route" method to select these districts, the official said adding states and districts that want to avail the financial incentives under the scheme should compete for that.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/commerce-ministry-looking-to-release-new-ftp-before-september-says-official/articleshow/92629760.cms>

DGFT issues RCs for 1.6 mn tonnes wheat export after May 13 ban order

The commerce ministry's arm DGFT has issued registration certificates for about 1.6 million tonne of wheat to exporters having valid letter of credit, after the ban order of May 13, an official said. The government is allowing wheat shipments for which irrevocable letters of credit (L/C) were issued on or before May 13, when the ban on the export of the foodgrain was imposed with an aim to contain rising prices. Exporters having valid L/Cs would have to register with the Regional Authorities of the Directorate General of Foreign Trade (DGFT) to obtain registration of contracts (RCs) to ship their consignments. "RCs for about 1.6 million tonne have been issued so far," the official said adding as Russia has started exports of wheat through Turkey, prices in the global markets may stabilise.

https://www.business-standard.com/article/economy-policy/dgft-issues-rs-for-1-6-mn-tonnes-wheat-export-after-may-13-ban-order-122070300239_1.html

Steel exports continue decline, down 42% in May

Weakened Asian order book and competitively priced Chinese offerings saw Indian steel exports take a hit in May, dipping 42 per cent over the same period last year. Finished steel exports in May were around 6,82,000 tonnes, flattish on a month-on-month basis. In April and May, exports declined 35 per cent, year-on-year (y-o-y) to 13,58,000 tonnes. Steel exports have been declining since March. "Bookings had been done previously and mainly to Europe, while demand from Vietnam, amongst top buyers of Indian steel, was weak," exporters told BusinessLine.

<https://www.thehindubusinessline.com/markets/commodities/indian-steel-exports-decline-yoy-in-may/article65594940.ece>

Handset shipments fall further in May on weak demand

Smartphone shipments in India contracted further in May despite improvement in the component shortage situation with brands struggling to clear inventories both online and offline due to a slump in demand, market tracker Counterpoint Research has said. Smartphone shipments declined by 9.2% month-on-month in May with brands stuck with weeks of inventory in their warehouses as even online channels reduced intake of inventory, according to Counterpoint Research that tracks monthly smartphone shipments by brands to various channels.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/handset-shipments-fall-further-in-may-on-weak-demand/articleshow/92641816.cms>