



July 07, 2022 – Thursday

Key Developments

RBI liberalises norms to boost forex inflows

Reserve Bank of India (RBI) on Wednesday further liberalised norms to boost inflows of foreign exchange, including doubling the borrowing limit under the ECB route, amid the rupee falling against the US dollar. In a statement, the central bank said it has been closely and continuously monitoring the liquidity conditions in the forex market and has stepped in as needed in all its segments to alleviate dollar tightness with the objective of ensuring orderly market functioning. The measures taken by the central bank comes in the backdrop of rupee depreciating by 4.1 per cent against the US dollar during the current financial year so far (up to July 5) amid the ongoing geopolitical tensions. “In order to further diversify and expand the sources of forex funding so as to mitigate volatility and dampen global spillovers”, the central bank said it has decided to undertake five measures to enhance forex inflows while ensuring overall macroeconomic and financial stability. The measures include easing norms for FPI investment in debt market, and increasing the External Commercial Borrowing (ECB) limit under the automatic route from USD 750 million or its equivalent per financial year to USD 1.5 billion.

<https://www.financialexpress.com/economy/rbi-liberalises-norms-to-boost-forex-inflows/2585074/>

QRTAs, KYC Registration Agencies to report cyber attacks within six hours of detecting them: SEBI

Capital markets regulator Sebi on Wednesday asked Qualified Registrars to an Issue and Share Transfer Agents (QRTAs) and KYC Registration Agencies (KRAs) to report all cyber attacks, threats and breaches experienced by them within six hours of detecting such incidents. The incident will also be reported to the Indian Computer Emergency Response Team (CERT-In) in accordance with the guidelines issued by CERT-In from time to time, the regulator said in two separate circulars. Additionally, the QRTAs and KRAs, whose systems have been identified as ‘protected system’ by National Critical Information Infrastructure Protection Centre (NCIIPC) will also report such incidents to NCIIPC. “All cyber attacks, threats, cyber incidents and breaches experienced by QRTAs shall be reported to Sebi within six hours of noticing / detecting such incidents or being brought to notice about such incidents,” the regulator said in a circular on Wednesday. It has issued a similar directive to KRAs.

<https://www.financialexpress.com/market/kras-to-report-cyber-attacks-within-six-hours-of-detecting-them-sebi/2585184/>

Economy

CVC withdraws guidelines on public procurement as Centre issues new manual

The Central Vigilance Commission (CVC) has withdrawn all its past guidelines on public procurement procedures after the Centre issued fresh manuals on it, officials said on Wednesday. The move is aimed at having a single authoritative source of reference as procurement executives had complained of problems over the presence of guidelines by multiple organisations in this regard, they said citing an official communique. The CVC has been issuing various guidelines on public procurement from time to time, and so far, 72 circulars containing issue-specific guidelines had been issued, it said. Apart from the guidelines issued by CVC, the Department of Expenditure (DoE), Government of India, has also been issuing guidelines on public procurement, including manuals on procurement of goods, works and consultancy and other services, the notice issued by the probity watchdog said.

https://www.business-standard.com/article/economy-policy/cvc-withdraws-guidelines-on-public-procurement-as-centre-issues-new-manual-122070600389_1.html

India Inc hiring intent up 7% in September quarter: TeamLease report

The intent to hire by corporates in India witnessed a 7 per cent increase for the July-September quarter from the previous quarter—an increase from 54 per cent to 61 per cent, said a report by TeamLease Services. The TeamLease Employment Outlook Report” for the period July-September 2022 noted that the trends pointing to an increase in hiring intent are imminent and the next few quarters could very well see the Intent to Hire cross the 70 per cent mark. The reason for the hiring intent to go up were propelled by some of the initiatives announced by the government, said the report. Metro and Tier-1 geographies top the intent to hire, witnessing an increase of 6 per cent for the forthcoming quarter (rising to 89 per cent) over the previous quarter. Tier-2 cities on the other hand, witness an even higher increase (7 per cent) in the intent to hire, rising to 62 per cent for the forthcoming quarter. Tier-3 cities show an increase of 3 per cent, from 34 per cent to 37 per cent. The rural geography, likewise, shows a nominal rise of 2 per cent.

https://www.business-standard.com/article/companies/india-inc-hiring-intent-up-7-in-september-quarter-teamlease-report-122070600554_1.html

Niti unit pitches for gender Budgeting act

The Development, Monitoring and Evaluation Office (DMEO) has called for a National Policy for Women and mainstreaming of gender-based budgeting across all ministries through the formulation of the Gender Budgeting Act. DMEO, which is an attached office under the NITI Aayog, has called for incentivising women participation in all training and capacity building programmes to help India achieve gender equality with a special focus on areas like health, agriculture, environment and social inclusion. As per the Global Gender Gap Report 2021, published by the World Economic Forum, India's rank fell by 28 places to 140 out of 156 countries with a score of 0.625 (out of 1) compared to 112 in 2020.

<https://economictimes.indiatimes.com/news/india/niti-unit-pitches-for-gender-budgeting-act/articleshow/92709102.cms>

Banking and Finance

Irdai permits general insurers to add tech-led add-ons in Motor OD cover

In order to facilitate technology-enabled insurance covers, the Insurance Regulatory and Development Authority of India (Irdai) has permitted general insurance companies to introduce concepts such as “pay as you drive”, “pay how you drive”, and floater policies for vehicles belonging to the same individual owner for two-wheelers and private cars as add-ons in motor own-damage policies. According to the insurance regulator, introduction of such add-on options will aid in giving the much-needed fillip to motor own damage insurance in the country and increase its penetration. The concept of “pay as you drive” essentially stems from the fact that policyholders will be charged premiums based on the usage of their vehicle, or the time they spend behind the wheel or the distance they cover. Similarly, “pay how you drive” follows the concept of customers paying premiums on the basis of their driving standards, or how safely they drive. Further, floater policies for owners of more than one two-wheeler and/or car are designed to make things easier for them by obviating the need to buy separate policies for each vehicles.

https://www.business-standard.com/article/economy-policy/irdai-permits-general-insurers-to-add-tech-led-add-ons-in-motor-od-cover-122070600551_1.html

FinMin releases fourth instalment of revenue deficit grant of Rs 7,183 cr to 14 states

Finance ministry on Wednesday released the fourth instalment of revenue deficit grant of Rs 7,183 crore to 14 states for the current fiscal. The states for which Post Devolution Revenue Deficit Grant has been recommended by the 15th Finance Commission during 2022-23 are Andhra Pradesh, Assam, Himachal Pradesh, Kerala, Manipur, Meghalaya, Mizoram, Nagaland, Punjab, Rajasthan, Sikkim, Tripura, Uttarakhand and West Bengal. “The Department of Expenditure has on Wednesday released the 4th monthly instalment of Post Devolution Revenue Deficit (PDRD) Grant of Rs 7,183.42 crore to 14 states,” the ministry said in a statement. The 15th Finance Commission has recommended a total PDRD Grant of Rs 86,201 crore to 14 states for the financial year 2022-23. The grant is released

in 12 equated monthly instalments. The ministry said that with the release of the fourth instalment for the month of July 2022, the total amount of PDRD grants released to the states in 2022-23 stands at Rs 28,733.67 crore.

<https://www.financialexpress.com/economy/finmin-releases-fourth-instalment-of-revenue-deficit-grant-of-rs-7183-cr-to-14-states/2585289/>

Government notifies procedural changes in GST rules

The government has notified certain procedural changes in the GST rules, including those related to threshold, for filing annual returns for the 2021-22 fiscal, a move that will help ease the compliance burden on small players. The changes were vetted by the Goods and Services Tax (GST) Council at its meeting last week. With the amendments notified by the Central Board of Indirect Taxes and Customs (CBIC), businesses have also been allowed to make tax payments on the GSTN portal by using IMPS and UPI payment modes. Businesses with aggregate annual turnover of up to Rs 2 crore in the fiscal ended March 31, 2022 are exempt from filing annual returns for 2021-22, as per the amended rules.

<https://www.financialexpress.com/economy/government-notifies-procedural-changes-in-gst-rules/2584886/>

Industry

Electronics firms to extend production cuts till August amid low demand

Amid subdued demand for smartphones and electronic products due to high inflation, manufacturers are now planning to extend their production cuts till August and defer plans to ramp up output for the festive season by a month, a report in the Economic Times said. The production of mobile phones, televisions, refrigerators, and washing machines is at 75 per cent to 85 per cent of original targets, company executives told ET, adding that inventory has piled up with consumers holding back their discretionary spending. This is the first time since 2017 that the electronics industry has cut production for such a long period of time, stretching from April-May. As consumers have cut down their spending amid soaring inflation, a top executive with one of India's largest electronic goods contract manufacturers said that brands have now 'extremely cautious and continue to curtail production of smartphones, televisions and lighting products,' ET quoted. Most firms are planning their production on a monthly basis, based on inventory levels, the senior leader said.

https://www.business-standard.com/article/economy-policy/electronics-firms-to-extend-production-cuts-till-august-amid-low-demand-122070600332_1.html

FMCG, electronics companies' margins set to improve soon

Packaged consumer goods and consumer electronics companies may see improvement in their profit margins for the first time in two years in the September quarter as prices of key commodities including palm and crude oil, copper, steel and aluminium have fallen over the past three-four weeks. Company executives and analysts said they expect margin pressures to ease off, but added that they are closely monitoring macro and geopolitical risks and that sustainability of the downward revision in these commodities remains crucial. "The overall commodities situation is balanced. But any macro or geopolitical events could disturb the market," said Varun Berry, managing director of the country's largest biscuits maker Britannia Industries. Prices of palm oil used in biscuits, noodles and soap have declined 10% as key suppliers such as Malaysia and Indonesia have become competitive on exports. "The steep fall has made palm attractive for biodiesel blending and also strong versus other oils," Berry said. "Wheat prices have been firm due to end of season and high demand, and sugar prices stay flat."

<https://economictimes.indiatimes.com/industry/cons-products/electronics/fmcm-electronics-companies-margins-set-to-improve-soon/articleshow/92709425.cms>

Online retail spending in India to grow nearly sixfold to \$300 bn by 2030: BCG Report

Online retail spending in India is expected to grow nearly sixfold to USD 300 billion by 2030 with expansion in the number of digitally-influenced shoppers and online shoppers, a Boston Consulting Group report said on Wednesday. According to the report, the number of digitally-influenced shoppers has grown rapidly in recent years, reaching 280 million from 260 million and online shoppers have grown to 230 million from 210 million in 2021. BCG expects these numbers to increase by 2.5 times over the next decade, accompanied by nearly sixfold growth in online retail spending. "We expect online shoppers to nearly triple over the next decade and online retail spending to grow nearly sixfold to reach USD 300 Bn by 2030. COVID has further accelerated online shopper and spend growth by 3-4 Years.

https://economictimes.indiatimes.com/industry/services/retail/online-retail-spending-in-india-to-grow-nearly-sixfold-to-300-bn-by-2030-bcg-report/articleshow/92707709.cms?utm_source=ETTopNews&utm_medium=HPTN&utm_campaign=AL1&utm_content=23

Ban on levy of service charge in food bills without any legal basis: NRAI

The National Restaurant Association of India (NRAI) on Wednesday said the government cannot make changes in levy of service charge in food bills by making guidelines and CCPA's decision to bar hotels and restaurants from such practice has created unnecessary confusion amongst consumers and disrupted smooth operations of restaurants. It alleged that there is an attempt to start a campaign against this restaurant industry practice without any legal basis through "repeated guidelines", while asserting that service charge is part of the total price of a product and neither the government nor any authority can interfere with the decision of the business owner in this regard. In a statement, NRAI argued that service charge is a part of the owner's discretion or decision regarding the total price payable by a customer with regards to sale or service of a product. "It constitutes one of the components of the total price of the product. Neither the government nor any authority can interfere with the decision of the business owner in this regard. It is a universally accepted trade practice," it asserted.

<https://www.financialexpress.com/industry/ban-on-levy-of-service-charge-in-food-bills-without-any-legal-basis-nrai/2585185/>

Agriculture

Need MSP till markets get competitive, but should not be given through procurement: Niti Aayog member

The minimum support price on agri crops should continue as long as markets become competitive and efficient, but it should be given through means other than procurement, government think-tank Niti Aayog member Ramesh Chand said on Wednesday. Chand — while addressing a conference on 'Getting agriculture markets right' — organised jointly by National Stock Exchange and ICRIER — said: "Deficiency Pricing Payment (DPP)' is one such means of giving MSP (Minimum Support Price) to farmers, but cautioned that DPP cannot be stopped once implemented. Under DPP, the difference between the open market price and MSP is given to farmers, he said, adding that it has been implemented in some states like Madhya Pradesh. MSP is a minimum price at which the government undertakes procurement. MSP is fixed for 22-23 crops. Rice and wheat are largely procured crops by the government. "In some cases, MSP is justified in times of volatility in prices and glut. I feel what matters is how we give MSP to farmers. ...MSP has to be there as long as markets are not competitive and efficient. But MSP can be given through means other than procurement," he said.

<https://www.financialexpress.com/economy/need-msp-till-mrkt-get-competitive-but-should-not-be-given-through-procurement-niti-aayog-member/2585045/>

Infrastructure

Rs 926-crore six-lane tunnel project on Pune-Satara highway to be completed by 2023: Nitin Gadkari

The six-lane tunnel on Pune-Satara highway being constructed at an estimated cost of Rs 926 crore is expected to be completed by March 2023, Union road transport and highways minister Nitin Gadkari said on Wednesday. The new tunnel at Khambatki Ghat on National Highway-4 is a twin tunnel with three lanes each, the minister said, according to a transport ministry statement. "He said the existing 'S' curve in Satara-Pune direction shall be completed soon that would lead to drastic reduction in accident risks. The total capital cost for the 6.43 km long project is approximately Rs 926 crore and is expected to be completed by March 2023," it said.

<https://economictimes.indiatimes.com/news/economy/infrastructure/rs-926-crore-six-lane-tunnel-project-on-pune-satara-highway-to-be-completed-by-2023-gadkari/articleshow/92704592.cms>

Housing sales in Jan-Jun at 9-year high in top 8 cities: Knight Frank

Housing sales rose 60 per cent annually in January-June this year across eight major cities at 1,58,705 units, the highest half-yearly demand in nine years, mainly driven by lower base effect as well as mortgage rates, according to Knight Frank India. Housing sales stood at 99,416 units in the first six months of 2021, the consultant said in its 17th edition of half-yearly report 'India Real Estate: Residential and Office Market H1 2022', which was released on

Wednesday through a webinar. Knight Frank India highlighted that the residential sector has recorded a 9-year high sales volume in January-June 2022. The previous high was recorded in the first half of 2013, when sales were at 1,85,577 units. The consultant has listed several factors for the increase in housing sales such as homebuyers' need to upgrade primary lifestyle, low interest rates on home loans and comparatively low home prices to the pre-pandemic levels. The renewed need for home ownership sparked by the COVID pandemic is also driving sales.

https://www.business-standard.com/article/economy-policy/housing-sales-in-jan-jun-at-9-year-high-in-top-8-cities-knight-frank-122070600391_1.html

Energy

India's coal production rises by 32.57% to 67.59 MT in June: Govt

The Ministry of Coal on Wednesday said that the coal production has gone up by 32.5 per cent approx in June this year and the coal based power generation too has increased in the same period registering growth of approximately 26 per cent. The Ministry said that India's coal production increased by 32.57 per cent to 67.59 Million Tonne (MT) from 50.98 MT during June 2021. According to the provisional statistics of the Ministry of Coal, during June this year, Coal India Ltd (CIL), Singareni Collieries Company Ltd (SCCL) and captive mines / others registered a growth of 28.87 per cent, 5.50 per cent and 83.53 per cent by producing 51.56 MT, 5.56 MT and 10.47 MT respectively. Of the top 37 coal mines, as many as 22 mines produced more than 100 per cent and production at another nine mines stood between 80 and 100 per cent. At the same time, coal despatch increased by 20.69 per cent to 75.46 MT from 62.53 MT during June 2022 as compared to June 2021. During June 22, CIL and Captives/Others registered a growth of 15.20 per cent and 88.23 per cent by dispatching 58.98 and 11.05 MT respectively. SCCL registered a negative growth of 0.46 per cent during the month.

https://www.business-standard.com/article/economy-policy/india-s-coal-production-rises-by-32-57-to-67-59-mt-in-june-govt-122070600757_1.html

Telecom

Rising smartphone prices to mute 4G subscriber growth for telcos

Telecom user growth could get further impacted as the sale of 4G smartphones slow down due to inflation say, analysts. As consumers feel the pinch of inflation and delay smartphone purchases, analysts such as ICICI Securities predict that 4G subscriber addition is likely to be muted for the first quarter of FY23. "4G net add for Bharti Airtel and Vodafone Idea will be muted, at around 3 million and 1 million for Q1, due to lower smartphone sales," said the ICICI Securities report. ICICI also noted that this will be a muted quarter for telcos, with Bharti Airtel and Vodafone Idea seeing a subscriber decline of 3 million and 4 million, respectively, while Reliance Jio will have a net addition of 5 million after three quarters of decline. After the tariff hikes, Reliance Jio commenced culling subscribers to improve the overall quality of their subscriber base to make it on par with operators such as Airtel.

<https://www.thehindubusinessline.com/info-tech/rising-smartphone-prices-to-mute-4g-subscriber-growth-for-telcos/article65608016.ece>

Healthcare

Union Health Ministry reduces gap for Covid-19 precautionary doses to 6 months

The health ministry on Wednesday reduced gap for Covid-19 precautionary doses to 6 months, from existing 9 months, for the population above 18 years. The ministry attributed this change to evolving scientific evidence and global practices. "In view of the evolving scientific evidence and global practices, "Standing Technical Sub Committee" (STSC) of "National Technical Advisory Group on Immunization" (NTAGI) has recommended to revise the duration between 2nd dose and precaution dose from existing 9 months or 39 weeks to 6 months or 26 weeks. This has also been endorsed by NTAGI," stated the press release.

https://economictimes.indiatimes.com/news/india/union-health-ministry-reduces-gap-for-covid-19-precautionary-doses-to-6-months/articleshow/92702503.cms?utm_source=ETTopNews&utm_medium=HPTN&utm_campaign=AL1&utm_content=23

External

Exporters' order books begin to shrink due to low demand in key markets

Order books of Indian exporters have begun shrinking as inventories pile up in key export destinations on low demand. Order books have shrunk 15-20% for leather and footwear, while in yarn, volumes have witnessed a sharp 70% fall. High inflation in the US and the EU slowed take off for cotton yarn, ready-made garments, leather goods and handicrafts, impacting the pace of India's exports in June, which rose 16.8% on-year at \$37.9 billion, slower than 20.5% in May. "The clients in the US are doing cautious buying as their budgets are tight due to high interest rates. While orders had increased last two years, we expect a 15-20% decline now," said Rafeeque Ahmed, chairman of Farida Group, one of India's largest shoe manufacturers and exporters, which is a vendor to overseas firms such as Adidas, Clarks, Marks & Spencer, Debenhams and Bally Shoes.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/exporters-order-books-begin-to-shrink-due-to-low-demand-in-key-markets/articleshow/92709044.cms>

India's July palm oil imports may surge to 10-month high as prices plunge

India's palm oil imports in July are set to jump to the highest in 10 months because of a hefty correction in prices and as Indonesia allows more exports of the tropical oil, four dealers told Reuters. Higher purchases by India, the world's biggest importer of vegetable oils, may add support for Malaysian palm oil prices, which are trading near a one-year low. India's palm oil imports in July may rise to 700,000 to 800,000 tonnes, the highest since September 2021, the dealers said. "Palm oil has become very attractive for Indian buyers after the recent fall in prices," said one of the dealers, Sandeep Bajoria, the chief executive of vegetable oil brokerage and consultancy Sunvin Group. Indian buyers contracted to purchase nearly 250,000 tonnes of palm oil for prompt shipment last week, but this week's drop in prices has confused many buyers and they are waiting for prices to stabilize, said another one of the dealers, who is based in New Delhi with a global trading firm.

https://www.business-standard.com/article/markets/india-s-july-palm-oil-imports-may-surge-to-10-month-high-as-prices-plunge-122070600491_1.html

Commerce Ministry for imposing anti-dumping duty on high-quality glass imported from Bangladesh, Thailand

The commerce ministry has recommended imposition of anti-dumping duty on high-quality glass, used in construction, refrigeration, solar energy and other industries, from Bangladesh and Thailand to guard domestic players from cheap imports. Directorate General of Trade Remedies (DGTR) has recommended the duty on imports of 'clear float glass' from these two countries after concluding in its probe that the product has been exported at dumped prices into India, which impacted the domestic industry. Clear float glass is used in construction, refrigeration, mirror and solar energy industries. It is a superior quality of glass. DGTR had conducted the probe following a complaint from Asahi India Class, Gold Plus Glass Industry, Siseecam Flat Glass India and Saint-Gobain India about the dumping of the glass.

<https://www.financialexpress.com/economy/commerce-min-for-imposing-anti-dumping-duty-on-high-quality-glass-imported-from-bangladesh-thailand/2584996/>