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Economy

Policies to foster stability: Inflation to slowly ease from October, says RBI governor Shaktikanta Das

Retail inflation will likely ease gradually in the second half of this fiscal, “precluding the chances of a hard landing” or recession, Reserve Bank of India (RBI) governor Shaktikanta Das said on Saturday. “Our endeavour has been to ensure a soft landing (a moderation in inflation closer to targets with only a moderate slowdown in output growth),” Das said, indicating that cooling price pressure may reduce the need for aggressive monetary action. At this point of time, the supply outlook appears favourable and several high-frequency indicators point to resilience of the recovery in the June quarter, the governor said. Das’ statement may lead to expectations of revisions in inflation projections in coming policy updates.

<https://www.financialexpress.com/economy/policies-to-foster-stability-inflation-to-slowly-ease-from-october-says-rbi-governor-shaktikanta-das/2588801/>

Banking and Finance

Sebi mulls making ‘market risk factor disclosures’ to help investors

In a global first, the Securities and Exchange Board of India (Sebi) is planning to issue regular ‘risk factor disclosures’ on market trends, including surges and collapses, to help investors make right decisions by learning from the regulator’s insights, sources said. The move, which is still in a preliminary stage of discussion, can help investors avoid a herd mentality that has been particularly witnessed during the last couple of years — starting with large-scale selloffs when the pandemic hit the world in early 2020, followed soon by a sharp surge in buying of stocks without understanding the fundamentals and largely on account of get-rich-quick stories and then subsequent losses. “Though the investors have seen a fixed pattern play out in every single cycle — that is, everyone rushes to buy shares when the going is good and then they indulge in panic-selling when a crisis strikes. The basics of capital market investments are always thrown out of the window and one key reason for that is the lack of truly independent insights,” a top official said.

<https://www.financialexpress.com/market/sebi-mulls-making-market-risk-factor-disclosures-to-help-investors/2589242/>

RBI survey sees credit demand improving in next three months

Demand for credit is expected to see marginal to considerable improvement in the next three months, according to majority of the respondents in the Reserve Bank of India’s latest systemic risk survey (SRS). This demand will be on the back of recovery in GDP growth, higher consumer spending, pick up in manufacturing sector activity, public investment in infrastructure and higher demand for working capital. Demand for credit is expected to “increase marginally” and “increase considerably” according to 67.4 per cent and 4.3 per cent of the respondents, respectively. The SRS was conducted among 48 respondents in May and presented in the Financial Stability Report (FSR), which was released on June 30. The demand for credit is expected to “decrease marginally” and “remain unchanged” according to 17.4 per cent and 10.9 per cent of the respondents, respectively.

<https://www.thehindubusinessline.com/money-and-banking/rbi-survey-sees-credit-demand-improving-in-next-three-months/article65623171.ece>

IBA seeks bids from advisory firms for designing leadership development programme for PSBs

Industry body IBA has invited bids from advisory firms and institutes to design and deliver a leadership development programme for public sector banks (PSBs) to prepare a pipeline of leaders in tune with the increasing competitive landscape. The selected entity will design and deliver the training programme for senior officers of PSBs, including chief general managers (CGMs), general managers (GMs) and deputy general managers (DGMs). The training programme can be delivered through three modes -- online as e-learning modules, online through live webinars/meetings and through in-person mode, a public notice said. The objective is to develop future generation of leaders who are digitally savvy, strategic thinkers with capability to build highly collaborative teams and create customer-centric organisations that thrive in a very dynamic competitive environment, it said.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/iba-seeks-bids-from-advisory-firms-for-designing-leadership-development-programme-for-psbs/articleshow/92780010.cms>

Foreign lenders seek clarity on ECB borrowers' rating

Several foreign lenders engaged in raising overseas loans and bonds for Indian companies have sought clarity from the central bank on whether the relaxed rules on higher offshore borrowing will apply only to globally higher rated firms. Such a criterion threatens to limit the number of potential beneficiaries, said people familiar with the matter. Companies rated high domestically may not always make the investment-grade cut when rated by overseas agencies. Hence, bankers want to know whether the central bank's reference to rating for eligibility to avail the latest plans applies to the domestic context or even overseas. A top rated company globally can price bonds or loans with a spread in the range of 100-200 basis points depending on its brand, said dealers. However, a company rated high-yield by overseas rating agencies needs to offer much higher to draw global banks/investors. One basis point is 0.01 percentage point.

<https://economictimes.indiatimes.com/news/economy/finance/foreign-lenders-seek-clarity-on-ecb-borrowers-rating/articleshow/92787770.cms>

Supplementary demand for grants unlikely in the upcoming monsoon session

The government may not present a supplementary demand for grants in the upcoming monsoon session of Parliament, signalling to ministries and departments the need for fiscal prudence and better use of allocations amid concerns over the fiscal deficit. The emphasis is on prudent management of already allocated budgetary resources and a final call will be taken shortly, officials told ET. "The objective is to get departments to exercise utmost prudence in spending money already with them," said a ministry official, who did not wish to be identified. "There is stress on fiscal management during tough times." A full-fledged review of the fiscal situation will be done after the first half of the current fiscal, but the government will continue with the capital expenditure push. Some non-priority spending may be rationalised, said officials.

<https://economictimes.indiatimes.com/news/economy/finance/supplementary-demand-for-grants-unlikely-in-the-upcoming-monsoon-session/articleshow/92789598.cms>

Startup funding declines 40 per cent in April-June: PwC report

Geo-political instability appears to be taking a toll on the Indian startups with the total funding declining by 40 per cent to USD 6.8 billion in the April-June quarter, reveals a PwC India report. The early-stage deals comprised more than 60 per cent of the total with an average ticket size of USD 5 million, as per the PwC India report titled, 'Startup Deals Tracker – Q2 CY22.' "After three consecutive quarters of raising more than USD 10 billion, the total funding in the Indian startup ecosystem fell by 40 per cent during Q2 CY22 to reach USD 6.8 billion. "The decline can be attributed to a global slowdown, decrease in tech stock valuations, inflation and geopolitical instability," it added. Software as a Service (SaaS) and fintech companies had the highest share of funding in the second quarter of Calendar Year (CY) 2022, totalling more than USD 3.1 billion, the report said. It further said that early-stage deals comprised more than 60 per cent of the total deal volumes with an average ticket size of USD 5 million.

<https://www.financialexpress.com/industry/sme/startup-funding-declines-40-per-cent-in-april-june-pwc-report/2589118/>

Industry

FMCG companies expect demand recovery, price stability in next quarter

With commodity prices peaking out, major FMCG players, including Parle Products, Godrej Consumer Products and Dabur expect a recovery in demand in both rural and urban markets going forward aided by price stability. Moreover, FMCG makers can look forward to better gross margins by the last month of Q2FY23 on a year-on-year basis, as there is a lag of around two months in their inventory coupled with forward contracts, experts say. Prices of commodities have now peaked out and there has been a 15-20 per cent decline from peak prices in most commodities, according to Parle Products Senior Category Head Mayank Shah. "This has brought some respite to FMCG companies, whose margins were affected by high inflation. Since most companies stagger price hikes and take them in a phased manner, we will not see any further price hike or package weight reduction which was in the offing. Despite price hikes taken by FMCG companies, the total increase in input cost was not factored in," Shah told PTI.

https://www.business-standard.com/article/companies/fmcm-makers-expect-recovery-in-volume-growth-margin-in-q2fy23-122071000083_1.html

Construction equipment sales to breach the 2018 peak next year

Construction equipment sales, a barometer of economic activity, should breach the 2018 peak of around 100,000 units next year, paced by increased government spending on infrastructure projects. "Next year (2023) will be an important year. Execution of projects will all be very high, starting later this year to next year," Dimitrov Krishnan, Head, Volvo Construction Equipment, told ET. "There might be a little bit of a disturbance in the macro environment, which to a large extent is not just in the government's hands. It's also driven by global economic factors. But I do believe 2023 should be the next peak." Krishnan said that rising demand for power, coupled with the government's focus on infrastructure investment to increase economic activity, would help boost the demand for construction equipment.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/construction/construction-equipment-sales-to-breach-the-2018-peak-next-year/articleshow/92788221.cms>

Large retail chains' sales at pre-Covid levels in Jan-June

Sales have recovered to pre-pandemic levels at large retail chains, also known as modern trade, in the January-June period owing to low infection rates, a pick-up in consumer mobility and withdrawal of all Covid curbs, said researchers and consumer goods makers. Also, the pace of ecommerce channel growth has slowed compared with the previous two years. As per smartphone and electronics industry researcher GfK India, the contribution of organised retail surged in January to May compared with the same period last year by 1-4 percentage points across products such as smartphones, televisions and large appliances. GfK data, which track actual sales, show key categories have registered 34-49% growth in the overall offline channel, while organised retailers are expanding at a faster pace of 65% for smartphones, 47% for TVs, and 55% for large appliances. Industry executives said the offline channel growth rate was in single digit last year during the same period.

<https://economictimes.indiatimes.com/industry/services/retail/large-retail-chains-sales-at-pre-covid-levels-in-jan-june/articleshow/92791723.cms>

Recycle Textile Federation formed, plans to unite mills across nation

More than 200 small mills involved in recycling cotton waste into yarn and fabrics across Tamil Nadu have come together and formed a recycle textile federation. "Creating awareness among our members on the markets where our products and services have demand is our top focus," said president of Recycle Textile Federation Jayabal in a statement on Sunday. Headquartered in Coimbatore, the federation presently has 230 members representing various mills from Tamil Nadu, he said. The federation has plans to bring together such mills across the country to collectively address the needs of the industry, identify markets in different parts of the world, and direct its members to cater to places that need their products and services, Jayabal said.

<https://economictimes.indiatimes.com/industry/cons-products/garments/-textiles/recycle-textile-federation-formed-plans-to-unite-mills-across-nation/articleshow/92786339.cms>

Infrastructure

Housing sales jump 2.5 times in Delhi-NCR during January-June; prices up 7 per cent: Report

Housing sales in Delhi-NCR jumped 2.5 fold annually during January-June on revival in demand and lower base effect, while prices rose 7 per cent, according to property consultant Knight Frank India. In its latest half-yearly report 'India Real Estate: Residential and Office Market H1 2022', the consultant said sales of residential properties rose to 29,101 units in January-June this year from 11,474 units in the corresponding period of 2021. New launches of homes jumped multi-fold to 28,726 units from 2,943 units during the period under review. Housing prices appreciated 7 per cent annually to Rs 4,437 per square feet during January-June 2022. Unsold inventories of residential properties came down by 6 per cent to 95,811 units on improved sales performance.

<https://www.financialexpress.com/industry/housing-sales-jump-2-5-times-in-delhi-ncr-during-january-june-prices-up-7-per-cent-report/2589121/>

Energy

Electricity bills in Delhi go up with 4% rise in PPA cost

The cost of electricity in Delhi has increased with hike in power purchase adjustment cost (PPAC), imposed by discoms on consumers, by 4 per cent from mid June, official sources said on Sunday. A power department official said the hike was made by the power distribution companies (discoms) after approval by the Delhi Electricity Regulatory Commission (DERC) due to increase in prices of fuel like coal and gas. No immediate reaction of DERC was available. The PPAC is a surcharge to compensate the discoms for variations in the market-driven fuel costs. It is applied as a surcharge on total energy cost and fixed charge component of an electricity bill, officials said.

<https://economictimes.indiatimes.com/industry/energy/power/electricity-bills-in-delhi-go-up-with-4-rise-in-ppa-cost/articleshow/92788716.cms>

Healthcare

Government proposes compensation for trial injuries

Pharmaceutical firms will be liable to pay compensation for injuries and damage caused to participants during a clinical trial, according to the new draft Drugs, Medical Devices, and Cosmetics Bill, 2022. The draft bill proposes that any person (sponsor, clinical research organisation or any other organisation or investigator) who fails to provide required medical management or compensation shall be punishable with imprisonment, which may extend to one year, or with a fine which shall not be less than twice the amount of compensation. It also says that in case of death, the company should provide compensation to the legal heir of the participant. The existing Act provides compensation to a relative of the deceased. The ministry has sought comments on the draft bill over the next 45 days.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals/government-proposes-compensation-for-trial-injuries/articleshow/92789671.cms>

BA.2.38 has not led to any increase in hospitalisation, disease severity: Insacog bulletin

Omicron sub-variant BA.2's offspring BA.2.38 has not led to an increase in hospitalisation or disease severity, and a few deaths reported recently are due to comorbidities, Insacog said in its June 20 bulletin released on Sunday. In the bulletin, the Indian SARS-CoV-2 Genomics Consortium (INSACOG) said many BA.2 cases have been reclassified to BA.2.38. It seems to be the prevalent sub-lineage in the latest sequencing batches, it said. "However, so far this has not led to any increase in hospitalisation or any report of an increase in disease severity. A few deaths that have been reported recently, are due to comorbidities. Covid-appropriate behaviour is likely to reduce the spread of the infection and hence continues to be recommended," it said.

<https://www.thehindubusinessline.com/news/ba238-has-not-led-to-any-increase-in-hospitalisation-disease-severity-insacog-bulletin/article65622936.ece>

External

Diwali target for India-UK FTA possible but not definite, say experts after PM Johnson's exit

It is always good to have a deadline to work towards while negotiating a free trade agreement (FTA) but the Diwali target set for the India-UK FTA by the outgoing British Prime Minister Boris Johnson does not have to be set in stone, according to strategic and industry experts here. While there is general consensus that there is unlikely to be any

significant shift in foreign policy stance under a new Conservative Party incumbent at 10 Downing Street, a delay of a few months to the October deadline for the conclusion of a draft FTA may well be on the cards.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/diwali-target-for-india-uk-fta-possible-but-not-definite-after-pm-johnsons-exit-say-experts/articleshow/92779284.cms>