



July 12, 2022 – Tuesday

### Key Developments

#### **RBI OKs international trade settlement in Indian rupees, to make INR more tradable globally**

The Reserve Bank on Monday asked banks to put in place additional arrangements for export and import transactions in Indian rupees in view of increasing interest of the global trading community in the domestic currency. Before putting in place this mechanism, banks will require prior approval from the Foreign Exchange Department of the Reserve Bank of India (RBI), the central bank said in a circular. “In order to promote growth of global trade with emphasis on exports from India and to support the increasing interest of global trading community in INR, it has been decided to put in place an additional arrangement for invoicing, payment, and settlement of exports / imports in INR,” it said. For settlement of trade transactions, the concerned banks will require Special Rupee Vostro Accounts of correspondent bank/s of the partner trading country. “Indian importers undertaking imports through this mechanism shall make payment in INR which shall be credited into the Special Vostro account of the correspondent bank of the partner country, against the invoices for the supply of goods or services from the overseas seller /supplier,” it said.

<https://www.financialexpress.com/industry/banking-finance/rbi-announces-measures-for-international-trade-settlement-in-rupees/2590463/>

### Economy

#### **India to overtake China as world's most populated country in 2023: UN**

India would be the world's most populated country next year, surpassing China, a report by the United Nations said on Monday. "India is projected to surpass China as the world's most populous country during 2023," said the World Population Prospects 2022 by the United Nations Department of Economic and Social Affairs, Population Division. In 2022, India's population will only be slightly lower (at 1.412 billion) than China's (1.426 billion), according to the report. And in 2050, the country is projected to have a population of 1.668 billion – way ahead of China's 1.317 billion. The UN estimates exceed those presented in July 2020 by a technical group of population projections constituted by the National Commission on Population (NCP), an Indian government panel. That report showed that India's population will stand at 1.37 billion in 2022 and 1.39 billion in 2023, and that the country will have a population of 1.41 billion only by 2025.

[https://www.business-standard.com/article/economy-policy/india-to-overtake-china-as-world-s-most-populated-country-in-2023-un-122071100983\\_1.html](https://www.business-standard.com/article/economy-policy/india-to-overtake-china-as-world-s-most-populated-country-in-2023-un-122071100983_1.html)

#### **India's retail inflation likely held steady just above 7% in June: Poll**

India's retail inflation likely held steady in June, but well above the Reserve Bank of India's tolerance limit for a sixth month as lower fuel and cooking oil prices offset higher services and food costs, a Reuters poll found. Despite a substantial recent increase in food prices, rising at the fastest pace in nearly two years, overall inflation was partly contained after the government cut taxes on petrol and diesel and imposed restrictions on food exports. But most economists warned the near-term outlook was highly uncertain as a heatwave last month pushed up vegetable prices. The government has also cut estimates of wheat production because of dry spells in northern India. The July 4-8 Reuters poll of 42 economists showed inflation as measured by the consumer price index (CPI) was steady at an

annual 7.03% in June, versus 7.04% in May. Forecasts for the data, due at 1200 GMT on Thursday, were in a 6.45%-7.70% range. If realised, inflation would be above 7% for the third consecutive month and above the RBI's 6% upper tolerance target for a sixth month.

[https://www.business-standard.com/article/economy-policy/india-s-retail-inflation-likely-held-steady-just-above-7-in-june-poll-122071100108\\_1.html](https://www.business-standard.com/article/economy-policy/india-s-retail-inflation-likely-held-steady-just-above-7-in-june-poll-122071100108_1.html)

## Banking and Finance

### IRDAI constitutes two task forces on issues of reinsurance support

The regulator has formed two task forces to study issues the non-life insurance and life insurance industries face in reinsurance support. The two have to give reports in three weeks, said IRDAI. Among the major issues raised were commissions under the obligatory cession do not reflect industry cost structure and profit commission methodology, cession cap on cross-border reinsurers, domestic treaty participation for insurers, reinsurance support on social insurance schemes such as Pradhan Mantri Suraksha Bima Yojana, and others, introductions of emerging risk transfer solutions, and faster settlement and payment digital mechanism (exchange) among the reinsurers and cross border insurers, among others. For the life insurance industry, a seven-member task force has been constituted under the chairmanship of Naveen Tahilyani, MD&CEO, TATA AIA Life Insurance.

[https://www.business-standard.com/article/finance/irdai-constitutes-two-task-forces-on-issues-of-reinsurance-support-122071101171\\_1.html](https://www.business-standard.com/article/finance/irdai-constitutes-two-task-forces-on-issues-of-reinsurance-support-122071101171_1.html)

### NBFCs, HFCs securitisation volumes almost doubled to Rs 33,000 crore in April-June: Report

Securitisation volumes originated by Non-Banking Financial Companies (NBFC)s and Housing Finance Companies (HFC)s have almost doubled to around Rs 33,000 crore in the first quarter of the current financial year, a report said on Monday. The volume of such transactions is expected to cross Rs 1.5 lakh crore in FY23, Icra Ratings said in a report. The growth in volumes reflects a 1.9 times increase when compared to Rs 17,200 crore of securitised assets in Q1 FY22 and a 4.4 times increase compared to Rs 7,500 crore in Q1 FY2021, the report said. Collection efficiencies have remained healthy over the past 5-6 months with the agency's rated pools showing 97-101 per cent collection in April 2022, a month when collection efforts are otherwise typically low, Dafria said. "If there are no pandemic related disruptions, we expect securitisation volume could cross Rs 1.5 lakh crore in FY23 as against Rs 1.3 lakh crore in FY22," he said.

<https://www.financialexpress.com/industry/banking-finance/nbfc-hfc-securitisation-volumes-almost-doubled-to-rs-33000-crore-in-april-june-report/2590142/>

### Credit growth expected to improve aided by govt's push on public spending

Bank credit offtake is expected to pick up following normalisation of economic activities aided by the government thrust on public expenditure in current fiscal year, a report said. According to the Care Edge report, the gross non-performing assets (GNPA) ratio hit a six-year low of 5.9 per cent in FY22 but remained above the pre-asset quality review of 2015-16. However, it said, India's NPA ratio is one of the highest among the comparable countries despite gradual decline. Non performing loans eased in advanced economies due to continued deleveraging, and institutional and government intervention, it said. As the Indian economy has navigated the pandemic-induced shocks, it said, the bank credit growth by scheduled commercial banks (SCBs) improved post-August 2021 to reach 13.1 per cent in early June 2022, a rate last recorded in March 2019.

<https://www.financialexpress.com/industry/banking-finance/credit-growth-expected-to-improve-aided-by-govts-push-on-public-spending/2590243/>

### PE investments into domestic cos fall to \$6.72 bn in June quarter: Report

Private equity investments into domestic companies fell 17 per cent to USD 6.72 billion on an annual basis in the June quarter, according to a report. During the same period, the number of Private Equity (PE) deals also declined 15 per cent to 344 compared to the year-ago period. In the year-ago period, the deal value stood at USD 8.13 billion. The deal value declined by 25.1 per cent in the three months ended June compared to the 2022 March quarter when it stood at USD 8.97 billion, deal tracker Refinitiv, a London Stock Exchange group entity, said on Monday. The steep quarterly decline in the deal value was due to a 40 per cent fall in money flows to the startups space.

[https://www.business-standard.com/article/markets/pe-investments-into-domestic-cos-fall-to-6-72-bn-in-june-quarter-report-122071101176\\_1.html](https://www.business-standard.com/article/markets/pe-investments-into-domestic-cos-fall-to-6-72-bn-in-june-quarter-report-122071101176_1.html)

## Industry

### **Amid falling global prices, edible oil players see demand uptick**

As they respond to falling international prices, Indian edible oil players see lesser impact from the drop amid resurgence in household and industry demand after a tough June quarter (Q1). Domestic edible oil prices for commodities like packed palm oil, soybean, sunflower, groundnut, and mustard, among others react to international price trends of crude palm oil (CPO), RBD (refined, bleached & deodorised) palm oil, crude degummed soybean oil, and crude sunflower oil. As a result, both international and domestic prices had peaked and remained high since March before beginning to soften in May-June. Inflationary trends led by edible oil prices had hurt both household and industrial demand for soft and hard oils in Q1. But now the edible oil industry is optimistic that falling international prices, resulting in lower domestic prices, coupled with the upcoming festivals, will push demand.

[https://www.business-standard.com/article/economy-policy/amid-falling-global-prices-edible-oil-players-see-demand-uptick-122071100436\\_1.html](https://www.business-standard.com/article/economy-policy/amid-falling-global-prices-edible-oil-players-see-demand-uptick-122071100436_1.html)

### **Formalisation of MSMEs is our primary target and biggest ambition: MSME Secretary BB Swain**

To solve multiple issues faced by MSMEs, the key approach required is to shift more and more MSMEs operating in the informal sector towards formalisation, said MSME Ministry Secretary B.B. Swain at an event organised by Financial Express Online recently. "The multiplicity of issues which we face in the MSME sector, it is probably a multi-pronged approach which is more suitable. The first obvious step here, which is also kind of the biggest ambition of the MSME Ministry is to identify micro, small and medium entrepreneurs and to bring them under a formal structure. Formalisation is our primary target and the biggest ambition," said Swain. With regards to the delayed payments issue of MSMEs, the secretary noted that MSME Ministry has been in continuous touch with the state governments to address this issue. The government has asked states to set up more Micro Small Enterprise Facilitation Councils (MSEFCs) — delayed payment dispute settlement units. "I'm very happy to know that a lot of states have started setting up more councils," said Swain.

<https://www.financialexpress.com/industry/sme/msme-eodb-formalisation-of-msmes-is-our-primary-target-and-biggest-ambition-msme-secretary-bb-swain/2586650/>

### **Hotel bookings surge past pre-Covid levels in June quarter**

The recently concluded April-June quarter surpassed pre-Covid-19 levels of bookings and room revenues for several chains, and forward bookings and current business on the books for the latter half of year look promising too, hoteliers said. "We have crossed the number of bookings and occupancies compared to pre-Covid times, and we are pleased to see such a positive bounceback in the travel and hospitality sector," said Nikhil Sharma, regional director for Eurasia, Wyndham Hotels & Resorts EMEA. "The bookings have been as high as 700% compared to the bookings at the same time last year. Pre-bookings (for June-December) for room nights and room revenue have increased by 650% and 230% (respectively) compared to last year. Overall, we expect strong growth this year compared to 2021," he added.

<https://economictimes.indiatimes.com/industry/services/hotels-/restaurants/hotel-bookings-surge-past-pre-covid-levels-in-june-quarter/articleshow/92812490.cms>

### **Q1 earnings: Crisil says India Inc staring at third consecutive quarter of profit margins squeeze**

India Inc is staring at the third consecutive quarter of a year-on-year drop in profit margins for the April-June 2022 period, a Crisil Ratings arm said on Monday. Operating profit margins have likely fallen by 2-3 percentage points for the June quarter as compared to the year-ago period, Crisil Research said after analysing 300 companies excluding those from financial services and oil and gas sectors. It said almost half of the 47 sectors it tracks are likely to show a contraction in margins. Corporate revenues are estimated to have logged a healthy growth of 30 per cent on-year in the first quarter, largely supported by price hikes and moderately rising volumes, it said. The rating agency estimates come ahead of earnings for the June quarter by a majority of companies, which come amid adverse events like the impact on commodities because of the geopolitical tensions and depreciation in the Indian rupee to record lows. Operating profit margins in construction-linked sectors are likely to have fallen the most, at over 9.90 per cent,

followed by the investment-linked segment, which saw an on-year margin erosion of over 2.60 per cent, the agency said.

<https://www.financialexpress.com/industry/q1-earnings-crisil-says-india-inc-staring-at-third-consecutive-quarter-of-profit-margins-squeeze/2590271/>

## Agriculture

### Tea crop affected in north India due to rains, says trade body

The tea producing belt of north India, comprising the regions of Assam and North Bengal, has been battered by the severe rainfall, according to Tea Association of India (TAI), an apex body of tea planters of the country. A spokesman of TAI said that the north India region produces 81 per cent of the country's total tea production. The crop declined 11 per cent in Assam in June 2022 at 76.87 million kg from 86.37 million kg in the same month of previous year. In Barak Valley, the crop decreased to 4.26 million kg in June 2022 as against 4.26 million kg in the previous year same month of 2021 at 5.08 million kg, showing a decline of 16.14 per cent, the TAI said.

<https://www.financialexpress.com/industry/tea-crop-affected-in-north-india-due-to-rains-says-trade-body/2590361/>

## Infrastructure

### PM Modi to inaugurate Deoghar airport built at an estimated cost of around Rs. 400 crores

Prime Minister Narendra Modi will be in Jharkhand On July 12th to inaugurate the Deoghar airport. The newly built airport in Bihar built at an estimated cost of around Rs. 400 crores will provide direct connectivity to the famous Baidyanath Dham. The facility is expected to handle around five lakh passengers annually, said a release. The airport's 2,500-metre-long runway can accommodate Airbus A320 aircraft. It also has six check-in counters and a terminal building that can accommodate 200 passengers at a time. The Baidyanath Dham is a popular religious destination for thousands of Hindu pilgrims from various parts of the country. During the month of Sawan, which is regarded as the month of Lord Shiva, the number of people visiting the shrine significantly increases.

<https://www.financialexpress.com/infrastructure/airlines-aviation/pm-modi-to-inaugurate-deoghar-airport-built-at-an-estimated-cost-of-around-rs-400-crores/2590012/>

### Dwarka Expressway to be operational in 2023, says Nitin Gadkari

The Dwarka Expressway, also known as the Northern Peripheral Road, will be operational in 2023 and will ease traffic congestion on Delhi-Gurugram Expressway, Union Minister Nitin Gadkari said on Monday. Taking to Twitter, Gadkari said Dwarka Expressway, which is being developed as the first elevated urban expressway in India, will reduce pressure on Delhi-Gurugram Expressway and arterial roads that experience heavy traffic, primarily from the commuters of West Delhi. Delhi-Gurugram Expressway is a part of Delhi-Jaipur-Ahmedabad-Mumbai arm of Golden Quadrilateral. The road transport and highways minister said 50-60 per cent traffic on National Highway-8 will be diverted onto the new expressway, thereby improving traffic movement towards Sohna Road and Golf Course Road. Once operational in 2023, it shall immensely help reduce air pollution in Delhi-NCR as well, he added.

<https://www.financialexpress.com/infrastructure/roadways/dwarka-expressway-to-be-operational-in-2023-says-nitin-gadkari/2589952/>

## Energy

### June fuel consumption rises 17.9% YoY as demand hits pre-pandemic levels

India's fuel consumption in June rose by 17.9% from a year earlier, government data showed on Friday, as demand in the world's No.3 oil consumer headed back towards pre-pandemic levels. Global oil prices have surged in response to concerns about tight supplies and disruption linked to oil producer Russia's invasion of Ukraine, but Indian consumers have to an extent been sheltered as Indian refiners have bought cheaper Russian fuel the West has shunned. Diesel consumption rose 23.9% year-on-year to 7.68 million tonnes and was up about 21.9% from two years ago. India's gasoil demand rose rapidly during the first two weeks of June, and long queues appeared at some fuel stations as concerns grew over supply.

[https://www.business-standard.com/article/economy-policy/june-fuel-consumption-rises-17-9-yoy-as-demand-hits-pre-pandemic-levels-122071100061\\_1.html](https://www.business-standard.com/article/economy-policy/june-fuel-consumption-rises-17-9-yoy-as-demand-hits-pre-pandemic-levels-122071100061_1.html)

## Telecom

### DoT further tightens equipment procurement rules for telecom operators

The Department of Telecommunications (DoT) has further tightened telecom licence conditions, mandating operators to use equipment only from vendors with "trusted sources" approval for not just network upgradation but also expansion. "With effect from 15th June 2021, the licensee shall only connect trusted products in its network, and also seek permission from designated authority for upgradation or expansion of existing network utilising the telecommunication equipment not designated as trusted products," the telecom department said. The word 'expansion' has been added to the licence conditions. The latest amendment is being seen as a step to close a loophole in the procurement rules and completely stop Chinese vendors Huawei and ZTE from providing telecom gear to Indian telcos for not just upgradation but also for expansion purposes, say industry executives.

<https://economictimes.indiatimes.com/industry/telecom/telecom-policy/dot-further-tightens-equipment-procurement-rules-for-telecom-operators/articleshow/92811962.cms>

## External

### Need to address food & energy security challenges in non-politicised manner: India's G20 Sherpa Amitabh Kant

India's G20 Sherpa Amitabh Kant has emphasised the need for all G20 member nations to collectively address health, food and energy security challenges in an urgent, cooperative, non-politicised and equitable manner. Kant's remarks at a two-day meeting of the G20 Sherpas in Labuan Bajo in Indonesia came in the midst of growing global concerns over food and energy crisis fuelled by the conflict in Ukraine. The meeting hosted by Indonesia in its capacity as the chair of G20 concluded on Monday and it reviewed the progress made under various working groups of the G20 Sherpa track. "He emphasised the importance of all G20 members collectively addressing health, food and energy security challenges expeditiously, in an urgent, cooperative, non-politicised and equitable manner," the Ministry of External Affairs said in a statement.

<https://economictimes.indiatimes.com/news/economy/policy/need-to-address-food-energy-security-challenges-in-non-politicised-manner-indias-g20-sherpa-amitabh-kant/articleshow/92811387.cms>

### Exports of all wheat products come to a halt

As India's amended export policy about wheat flour kicks in Tuesday, July 12, traders said export of all wheat products has come to a standstill. There is no clarity if the new regulations apply only for whole wheat flour or all other products of wheat milling. After India banned export of whole wheat on May 13, exporters had geared up to export atta, maida and semolina. The central government issued a notification on July 6 to amend export policy of wheat flour (atta), which will come into force from July 12. As per the amended policy, the export of wheat flour remains free, however, it will have to get a recommendation from an inter-ministerial committee. However, exporters say there is no clarity about which wheat products will be subject to the new notification.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/exports-of-all-wheat-products-come-to-a-halt/articleshow/92812001.cms>

### Tractor exports hit historic high in June; production and sales too soar

June proved to be a strong month for the tractor industry as production surpassed the one lakh mark after a gap of eight months, exports hit a historic high and domestic sales grew month-on-month. In June, domestic tractor sales stood at 94,477 units compared to 81,940 units in May, an increase of 15 per cent, according to the data provided by Tractor and Mechanisation Association (TMA). Higher crop prices resulting in better cash flow in the hands of farmers are reported to have spurred an increase in demand for tractors. However, volumes in June were down 14 per cent compared with June 2021 sales of 110,399 units. High base effect is cited as a factor for the decline as June 2021 had record tractor sales due to pent-up demand after the easing of the second-wave lockdown.

<https://www.thehindubusinessline.com/economy/agri-business/tractor-exports-hit-historic-high-in-june-production-and-sales-too-soar/article65627137.ece>

### **India's finished steel exports fall 53 per cent in June**

Impact of export duty by the Centre, a slowdown in demand and competitive pricing by Chinese offerings saw India's finished steel exports for June drop 53 per cent year-on-year to 0.64 million tonnes from 1.4 million tonnes in the year-ago-period. The provisional data collated by the Steel Ministry and industry, and accessed by BusinessLine, shows this to be the fourth straight month of decline in steel exports from India – beginning March 2022. On a month-on-month basis, exports fell 19–20 per cent. Steel exports were around 0.80 mt in May. For the first quarter of FY23 – April to June – finished steel exports are expected to see a near 40 per cent fall, year-on-year, from 3.6 mt to around 2.2 mt.

<https://www.thehindubusinessline.com/markets/commodities/indias-finished-steel-exports-fall-53-per-cent-in-june/article65627016.ece>

### **Global apparel companies seek better rates as rupee falls**

Global apparel brands are negotiating hard with Indian exporters as cotton prices have fallen 15% and rupee has depreciated against the dollar favouring the latter. They have asked Indian apparel exporters to supply garments at the pre-covid level prices. The impending recessionary pressure in the US and Europe are forcing global brands to negotiate hard with Indian exporters, who have now started looking at other countries like Japan, Australia and Latin America for developing new markets for Indian apparels. "Cotton prices have dropped by 15% from the high of Rs 1 lakh per candy (356 kg). It will fall further in the coming weeks," said Narendra Goenka, chairman, Apparel Export Promotion Council (AEPCC).

<https://economictimes.indiatimes.com/industry/cons-products/garments/-/textiles/global-apparel-companies-look-for-better-rates-as-rupee-falls/articleshow/92811941.cms>