



July 14, 2022 – Thursday

Economy

India ranks low at 135th globally for gender parity; worst for health and survival: World Economic Forum

India was on Wednesday ranked low at 135th place in terms of gender parity, despite an improvement of five places since last year on better performance in areas of economic participation and opportunity. Iceland retained its place as the world's most gender-equal country, followed by Finland, Norway, New Zealand and Sweden, as per the annual Gender Gap Report 2022 of the World Economic Forum (WEF) released in Geneva. Only 11 countries are ranked below India on the index of 146 nations, with Afghanistan, Pakistan, Congo, Iran and Chad being the worst-five. The WEF warned that the cost of living crisis is expected to hit women hardest globally with a widening gender gap in the labour force and it will take another 132 years (compared to 136 in 2021) to close the gender gap. The report further said that Covid-19 has set gender parity back by a generation and a weak recovery was making it worse globally. On India, the WEF said its gender gap score recorded its seventh-highest level in the last 16 years, but it continues to rank among the worst performers on various parameters.

<https://www.financialexpress.com/economy/india-ranks-low-at-135th-globally-for-gender-parity-worst-for-health-and-survival-world-economic-forum/2592696/>

Indian economy to grow 7.1-7.6 pc in current fiscal: Report

Indian economy is projected to grow 7.1–7.6 per cent in the current financial year despite shifting geopolitical realities across the world, a report said on Wednesday. In its India's economic outlook – July 2022 report, leading consultancy Deloitte India said that as 2021 was coming to a close, there was optimism in the air but the optimism received a jolt early this year as a wave of Omicron infections swept through the country and Russia's invasion of Ukraine happened in February. Rising commodity prices, surging inflation, supply shortages, and shifting geopolitical realities across the world weigh on the growth outlook. Still, India will likely reign as the world's fastest-growing economy, it noted. Deloitte India said that it expects inflation and supply chain disruptions to remain entrenched for some time. The domestic currency will likely recover some lost ground against the US dollar, but not before early next year. India's relatively strong recovery and the global slowdown will improve INR's strength, it added.

<https://www.financialexpress.com/economy/indian-economy-to-grow-7-1-76-pc-in-current-fiscal-report/2593127/>

Inflation in India to be about 5% by March 23, reveals SBI report

The State Bank of India (SBI) expects the inflation in India to be about five per cent by March 23. In a research report, the SBI also said the 7.01 per cent consumer price index (CPI) inflation announced by the Indian government on Tuesday for June 2022 confirms the fact that the peak point has passed. According to the SBI report, CPI inflation attributable to supply side factors started moving up after September'21 while demand led CPI remained more or less constant. "The two have been moving together post February'22 (since the starting of Russia-Ukraine conflict). However, in the recent months demand led CPI inflation has moved up a bit, while supply led CPI inflation continues to moderate," the SBI said. Clearly, the RBI may have to raise rates further though, the clear downward trend in inflation attributable to supply side factors bodes quite well for inflation trajectory going forward, the report added. The core inflation has trended down from its peak in April (taking last 12-months as reference period).

https://www.business-standard.com/article/economy-policy/inflation-in-india-to-be-about-5-by-march-23-reveals-sbi-report-122071300409_1.html

Nomura cuts 2023 India GDP forecast to 4.7% amid recession fears

Nomura has cut its 2023 forecast for economic growth in India, as measured by the gross domestic product (GDP), to 4.7 per cent from its earlier projection of 5.4 per cent amid recession fears and rising interest rates. "Exports have started to struggle, while elevated imports are pushing up monthly trade deficits to record highs. Higher inflation, monetary policy tightening, dormant private capex growth, the power crunch and the global growth slowdown pose medium-term headwinds. Consequently, we lowered our 2023 GDP growth projection from 5.4 per cent to 4.7 per cent," wrote Sonal Varma, chief economist for India and Asia ex-Japan at Nomura in a recent co-authored note with Aurodeep Nandi. Despite the government's recent fiscal steps to counter inflation, Varma and Nandi believe, there are upside risks to inflation from the continued pass-through of higher input costs, services reopening pressures, pending electricity tariff revisions and elevated inflationary expectations. As a result, Nomura now expects headline inflation in India to average 6.9 per cent in 2022, and 5.9 per cent in 2023 (FY23: 7 per cent).

https://www.business-standard.com/article/economy-policy/nomura-cuts-2023-india-gdp-forecast-to-4-7-amid-recession-fears-122071300230_1.html

Banking and Finance

NBFCs to rely more on funding from banks, cost may rise: Report

Non-bank finance companies (NBFCs) are likely to rely more on banks for their funding requirements as interest rates are hardening in the capital market, says a report. As the sector moves towards banks for meeting its funding requirements, smaller NBFCs could witness a sharp increase in their funding costs, India Ratings and Research said in a report. The shift in the NBFCs' funding mix in FY23 will be driven by a rise in the proportion of short-term funding by way of commercial papers and debenture funding getting replaced by bank funding to a certain extent. A huge quantum of borrowings to be raised by large NBFCs would lead to a further increase in the banks' exposure to the sector, and small NBFCs thus could face crowding out, the report said. The agency said with the rise in interest rates, following a 90 basis points (bps) increase in repo rate by RBI in two tranches, NBFCs would see a faster increase in the incremental funding cost than that for banks on account of their institutional funding. Around one-third of the NBFCs' borrowings would come up for refinancing in FY23, it noted.

<https://www.financialexpress.com/industry/banking-finance/nbfc-to-rely-more-on-funding-from-banks-cost-may-rise-report/2593117/>

Changes in current account rules helped private banks increase penetration in cash management space: Survey

Changes in current account norms helped HDFC Bank, ICICI, Axis and others increase their market penetration in cash management space in the last two years, a survey said on Wednesday. "India's private sector banks got a major boost from the RBI's 2020 circular establishing new rules on current accounts — effectively ensuring a minimum size relationship that corporates have with their bank, which strengthened the competitive advantage of large corporate lenders," the survey by Greenwich, an arm of Crisil Ratings, said. Aided by that tailwind, the market penetration of large private sector banks, including HDFC Bank, Axis Bank and ICICI Bank, for domestic cash management has climbed from 35 per cent in 2020 to 40 per cent in 2022, it said. In the international cash management space, the same tailwinds have helped large foreign banks like Citi, HSBC and Standard Chartered Bank increase market penetration from 58 per cent in 2020 to 65 per cent in 2022, it said. The survey revealed that a majority of Indian corporates are sanguine about near-term outlooks for their businesses but remain "somewhat cautious" about uncertainties currently unfolding in the post-Covid marketplace.

<https://www.financialexpress.com/industry/banking-finance/changes-in-current-account-rules-helped-private-banks-increase-penetration-in-cash-management-space-survey/2593108/>

Allowing investment of Vostro account surplus in G-Sec, T-Bills 'opens new avenues for government to borrow

With the Reserve Bank of India (RBI) enabling rupee surplus balances in 'Special INR Vostro Accounts' for investment in treasury bills (T-Bills) and G-Secs, the government has new avenues for its borrowings, say bankers. The new mechanism for international trade settlement in rupee facilitates returns on the surplus balances in such accounts.

This could encourage countries that have a current account surplus with India to open Special Rupee Vostro Accounts and use the surplus rupees to build rupee-denominated assets, say experts.

<https://www.thehindubusinessline.com/economy/surplus-rupee-balances-in-vostro-accounts-can-now-be-invested-in-g-secs-t-bills/article65636159.ece>

Card-based fintechs switch to plan B for biz continuity

Card-based fintech firms have started working on Plan B to ensure business continuity after the Reserve Bank of India (RBI) recently barred them from loading credit lines onto wallets and prepaid payment instruments (PPIs). Several fintech firms have reached out to leading banks to explore alternative credit models, sources told ET. These include opening a bank account — plus an add-on debit card — with lenders to disburse loans, issuing co-branded credit cards instead of PPIs and disbursing the credit as cash directly into a customer's existing bank account. "The logic that fintechs (like us) are exploring is that there is no difference in Know Your Customer (KYC) norms for issuing a PPI or opening a bank account," the founder of a card-based fintech company, who spoke on condition of anonymity, said. "This model would lead to credit being disbursed to customers in their newly opened bank accounts with a debit card being issued on top of it, which is permitted under the current rules."

<https://economictimes.indiatimes.com/tech/startups/card-based-fintechs-switch-to-plan-b-for-biz-continuity/articleshow/92860259.cms>

Windfall tax review more likely than expected after sharp fall in global crude prices

A massive crash in refining margins of diesel, petrol and ATF coinciding with a cool-off in crude oil prices from their peaks in June has diminished the super-profits of refiners, a report said on Wednesday. In a surprise move, the government on July 1 slapped export duties on petrol and ATF (Rs 6 per litre or USD 12 per barrel) and diesel (Rs 13 a litre or USD 26 a barrel) and imposed a windfall tax on domestic crude production (Rs 23,250 per tonne or USD 40 per bbl). At that time, the finance ministry stated that the taxes will be reviewed every fortnight. "The last two weeks have seen a massive crash in the refining spreads (or margins) of diesel, gasoline (petrol) and aviation fuel (ATF) coinciding with a cool-off in crude prices from their respective peaks seen in June," brokerage CLSA said. "This questions the need for the continuation of the windfall tax imposed about two weeks back," it said. Post windfall tax, the realised spread on diesel and gasoline has fallen to near loss-making levels while the realisation on aviation fuel and crude have also gone below 15-year averages. "A USD 12 per barrel windfall tax on this takes the realised refining spread down to a near loss-making level of just USD 2 per barrel. Similarly, the diesel spread after the export tax of USD 26 per barrel would be a meagre USD 2 a barrel," it said.

<https://www.financialexpress.com/economy/windfall-tax-review-more-likely-than-expected-after-sharp-fall-in-global-crude-prices/2592544/>

MFIs' gross loan portfolio rises to Rs 2.9 lakh crore at March-end: Report

The Gross Loan Portfolio (GLP) of microfinance industry grew by 10.2 per cent to nearly Rs 2.9 lakh crore at the end of March, says a report. The same stood at Rs 2.6 lakh crore in the year-ago period. On a sequential basis, the GLP rose by 8.6 per cent during the period ended March 2022. Banks continue to dominate the microfinance market with portfolio share of 37.7 per cent. This is followed by NBFC-MFIs with a share of 33.3 per cent and Small Finance Banks (SFBs) at 17.1 per cent, as of March 2022, according to a quarterly report released by CRIF High Mark, a credit information bureau, on Wednesday. During the fourth quarter of FY22, Rs 191.2 lakh loans were disbursed, a growth of 15.5 per cent compared to the third quarter of FY22. However, it was a decline of 17.2 per cent compared to the fourth quarter of FY21. The live customer base of the industry grew by 1.7 per cent year-on-year (y-o-y) basis and 3.4 per cent on quarter-on-quarter basis.

<https://www.financialexpress.com/industry/mfis-gross-loan-portfolio-rises-to-rs-2-9-lakh-crore-at-march-end-report/2592856/>

Industry

Automobile sales during first quarter show robust growth: SIAM report

The total passenger vehicle (PV) sales in the first quarter of this year have shown robust growth of 41 per cent year-on-year (YoY) to 9,10,431 units as compared with 6,46,272 units in the year ago period. For the first time in the last five years, PV sales have also grown to 9.10 lakh units in the first quarter of this financial year. The industry sold 8.73

lakh units in the 2018-19 first quarter, the latest sales report by the Society of Automobile Manufacturers (SIAM) said on Wednesday. However, SIAM also added that there is a challenge in the entry level segments of categories, including the mini car segment, the 125cc scooter segment, and the 110 cc motorcycle (commuter segments) in the last five years.

<https://www.thehindubusinessline.com/companies/automobile-sales-during-first-quarter-show-robust-growth-siam-report/article65634785.ece>

Retail majors may see best quarter since Covid

Listed retailers are expected to post strong double-digit sales growth for the quarter ended June, the first disruption-free first quarter for the retail sector since the outbreak of Covid-19 in early 2020. For most retailers, sales growth could be between 50% and 250% due to the low base amid a severe second wave of the pandemic in the country a year earlier. While footfalls remained below the pre-Covid levels in the June quarter, price increases and bigger purchase sizes boosted sales of marketers, analysts and retailers said. "The consumer sentiment has turned positive due to the overall vaccination drives, restrictions easing up, smooth function of manufacturing industries, and opening up of offices across the country," said Jayen Naik, senior vice-president of operations and projects at Nexus Malls, Indian retail platform of US investment giant Blackstone Group. "The per-person ticket size has increased since we reopened," he added.

<https://economictimes.indiatimes.com/industry/services/retail/retail-majors-may-see-best-quarter-since-covid/articleshow/92860778.cms>

Indian staffing industry adds 12.6 lakh informal employees in FY22: Report

The staffing industry added 12.6 lakh informal workers in 2021-22, driven by demand in industries like fast-moving consumer goods, e-commerce and manufacturing, according to a report. In 2020-21, the informal workforce or flexi staff demand grew at a modest 3.6 per cent, according to the Indian Staffing Federation (ISF) annual report. It said FMCG, e-commerce, manufacturing, healthcare, retail, logistics, banking and energy drove demand for general flexi staffing or informal workers. ISF is the apex body representing the manpower outsourcing industry in India. Digital adoption across sectors drove the demand for new employees. This indicates that in FY23, fintech, IT- Infra, IT/ITeS are promising impact sectors that are expected to continue with the staffing demand, it added. The report said that in FY22, ISF member-companies collectively added 2.27 lakh formal workforce and provided employment to 12.6 lakh flexi workforce. Women's participation in the flexi workforce continued at 27 per cent in FY22, the same as in the previous financial year, said the report. The majority of job opportunities for flexi staff moved from outdoor sales to essential delivery services, it showed. Most of the flexi workers were in 25-30 years age-bracket, comprising 40 per cent of the workforce.

<https://www.financialexpress.com/industry/indian-staffing-industry-adds-12-6-lakh-informal-employees-in-fy22-report/2592637/>

Agriculture

Nine private sector online trading portals to join upgraded e-NAM

As the Centre is set to widen the scope of its online trading platform e-NAM, where 41 other entities, including 9 trading platforms, will offer their services, electronic trading is likely to get a major boost. However, the success of the new platform hinges on reduced dependency on agricultural produce marketing committee (APMC) yards by making it available for farmers outside mandis. Union Agriculture Minister Narendra Singh Tomar will launch the "Platform of Platforms (PoPs) under e-NAM" during the national conference of State Agriculture and Horticulture Ministers scheduled for July 14-15 in Bengaluru, Karnataka. The new initiative will also offer transportation, warehousing, quality assaying, storage, fintech, sorting and grading. and agri-advisory services.

<https://www.thehindubusinessline.com/economy/agri-business/nine-private-sector-online-trading-portals-to-join-upgraded-e-nam/article65635962.ece>

Infrastructure

Apartments priced above Rs 1.5 crore surge over 270% on-year in April-June: Report

Sales of residential apartments with a price tag of over Rs 1.5 crore have increased over 270% from a year ago during the quarter ended June indicating the rising demand for homes with bigger layout, showed a JLL India study. Apartments priced above Rs 1.5 crore had a share of 15% in the quarterly sales in the second quarter of the year with maximum contribution from two larger markets of Mumbai and Delhi-NCR. Houses priced between Rs 50 lakh and Rs 75 lakh still had a larger share of 28% in the residential sale during the quarter with Bangalore and Pune recording the majority of the respective city sales in this price category.

<https://economictimes.indiatimes.com/industry/services/property/-/cstruction/apartments-priced-above-rs-1-5-crore-surge-over-270-on-year-in-april-june-report/articleshow/92857046.cms>

Energy

India on track to add 27k circuit km power transmission lines by 2024: Official

India is poised to add 27,000 circuit kilometres of inter-state power transmission networks by 2024 as it has already added 6,500 circuit kilometres or almost one-fourth of the target. The power transmission network expansion has been planned keeping in mind the ultimate goal of having 500 GW of non-fossil fuel based electricity generation capacity in the country. “We have planned to add 27,000 circuit km of inter-state transmission network in the country, mainly focussing on evacuation of renewable energy in the country by December 2024. We have already completed 6,500 circuit km lines so far,” a senior power ministry official said. The official exuded confidence that India is on track to meet the target of adding 27,000 circuit kilometres as one-fourth of that is completed well within schedule. The official also informed that 10,000 circuit kilometres lines are already under construction while 10,500 circuit kilometres are at various stages of bidding or tendering.

<https://www.financialexpress.com/industry/india-on-track-to-add-27k-circuit-km-power-transmission-lines-by-2024-official/2592975/>

Telecom

DoT allows provisional allotment of backhaul spectrum for 5G

In a win for telecom operators ahead of the launch of 5G services, the Department of Telecommunications (DoT) has decided to continue to administratively assign microwave and E band spectrum, utilised by operators for backhaul purposes. DoT issued an office memorandum on Wednesday indicating that it will “as an interim measure, for a period of six months...will continue to make frequency assignments for mobile networks.” Other entities which will continue to see administrative assignments include broadcasters, satellite-based applications, radars, etc. According to experts, administrative assignment of frequencies for mobile networks include both microwave and E band spectrum which are extremely important for operators for backhaul purposes for their future 5G networks.

<https://www.thehindubusinessline.com/info-tech/dot-allows-provisional-allotment-of-backhaul-spectrum-for-5g/article65635625.ece>

States

Karnataka plans nine water aerodromes to boost connectivity, promote tourism

Karnataka is planning to develop nine water aerodromes to establish connectivity and promote tourism at these places. The government believes it will only need to spend a smaller cost to develop the infrastructure. The government has identified Kali River, Byndur, Malpe, Mangaluru, Tungabhadra, KRS, Linganamakki, Almatti and Hidkal reservoirs as potential areas, Infrastructure Development Minister V Somanna said on Wednesday. The Minister shared some plans on beefing up regional connectivity at a workshop the state government and the civil aviation ministry organised in Bengaluru to gather inputs for Karnataka’s proposed civil aviation policy. The government is looking at aviation-led growth for Karnataka, the minister said, and added that a robust policy would aid the state’s economy and support some sectors including industries, horticulture, educational and technological development.

<https://economictimes.indiatimes.com/industry/transportation/airlines/-/aviation/karnataka-plans-nine-water-aerodromes-to-boost-connectivity-promote-tourism/articleshow/92858513.cms>

Healthcare

Centre to provide free precaution doses of Covid vaccine for 75 days

The Centre on Wednesday decided to provide free precaution doses of Covid-19 vaccine for citizens above the age of 18 years effective July 15 at government centres for 75 days. This decision is to commemorate India's 75 years of Independence and was approved in the Union Cabinet meeting. Information & Broadcasting Minister Anurag Thakur said, "India is celebrating 75 years of Independence. As part of #AzadiKaAmritMahotsav celebrations, free Covid-19 precaution dose will be administered to all the citizens above 18 years at Government vaccination centres, from July 15, 2022 for the next 75 days." At present, the third dose of Covid-19 vaccine, known as booster shot or precautionary dose, is given free for frontline workers and senior citizens. Others can avail it at private centres for a fee.

<https://www.thehindubusinessline.com/economy/centre-decides-to-provide-free-precaution-dose-of-covid-vaccine-for-75-days/article65635753.ece>

External

India-China trade goes up to over USD 67 billion in first half of the year amid surge in Chinese exports

The India-China trade is on course to cross USD 100 billion for the second consecutive year as it has gone up to USD 67.08 billion in the first half of this year amid a big surge of Chinese exports, official trade data released here said on Wednesday. China's exports to India have gone up to USD 57.51 billion, up by 34.5 per cent last year while Indian exports to China fell to USD 9.57 billion, a decline of 35.3 per cent compared to last year, according to the trade data released by China's General Administration of Customs (GAC).

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-china-trade-goes-up-to-over-usd-67-billion-in-first-half-of-the-year-amid-surge-in-chinese-exports/articleshow/92860223.cms>

India's trade with Sri Lanka 'at standstill': Exporters

India's trade with Sri Lanka has nearly stopped following the unrest in the island nation, leaving exporters worried about their payments. "Our exports and imports have come to a complete standstill. Exporters are very cautious because of the political crisis and payment issues," Federation of Indian Export Organisations (FIEO) Vice-Chairman Khalid Khan said. However, he expressed hope that once the new government takes office in Sri Lanka, situation may improve. Sri Lanka, a country of 22 million people, is facing an unprecedented economic turmoil, the worst in seven decades, leaving millions struggling to buy food, medicines, fuel and other essentials. The grim situation has resulted in a civil unrest. The country, with an acute foreign currency crisis that resulted in foreign debt default, had announced in April that it is suspending nearly USD 7 billion foreign debt repayment due for this year out of about USD 25 billion due through 2026. Sri Lanka's total foreign debt stands at USD 51 billion.

<https://www.financialexpress.com/economy/indias-trade-with-sri-lanka-at-standstill-exporters/2592924/>

India's palm oil imports rise marginally to 5.90 lakh tonnes in June: SEA

India's palm oil imports rose marginally to 5,90,921 tonnes in June this year, but the shipment of RBD palmolein oil showed a sharp increase, industry body Solvent Extractors Association (SEA) said on Wednesday. India, the world's leading vegetable oil buyer, imported 5,87,467 tonnes of palm oils in June 2021. The association also demanded the government to increase the quota fixed for duty-free import of crude soyabean oil and sunflower under the Tariff Rate Quota (TRQ) system to boost domestic availability. Total import of vegetable oils (both edible and non-edible oils) remained lower at 9.91 lakh tonnes in June this year from 9.96 lakh tonnes in the year-ago period. The share of palm oil is about 50 per cent of the country's total vegetable oil imports.

<https://www.financialexpress.com/economy/indias-palm-oil-imports-rise-marginally-to-5-90-lakh-tonnes-in-june-sea/2592722/>