



July 15, 2022 – Friday

Economy

WPI inflation eases to 15.18 per cent in June

The wholesale price-based inflation eased to 15.18 per cent in June on lower prices of manufactured and fuel items, even though food articles remained costly. The Wholesale Price Index-based inflation was at a record high of 15.88 per cent last month and 12.07 per cent in June last year. The WPI inflation in June has bucked the three-month rising trend but remained in double-digit for the 15th consecutive month beginning April last year. Inflation in food articles in June was 14.39 per cent, as prices of vegetables, fruits and potato witnessed a sharp spike over the year-ago period. In May, the wholesale price inflation in food articles was 12.34 per cent. The rate of price rise in vegetables was 56.75 per cent, while in potato and fruits, it was 39.38 and 20.33 per cent, respectively. In the fuel and power basket, inflation was 40.38 per cent, while in manufactured products and oil seeds, it was 9.19 per cent and 2.74 per cent, respectively. Inflation in crude petroleum and natural gas was 77.29 per cent in June.

<https://www.financialexpress.com/economy/wpi-inflation-eases-to-15-18-per-cent-in-june/2593724/>

CAD expected to deteriorate in FY23 on costlier import: FinMin Report

India's current account deficit is expected to deteriorate in the current fiscal on account of costlier imports and tepid merchandise exports, according to the Finance Ministry's monthly economic review. The review released on Thursday by the ministry also said that global headwinds would continue to pose a downside risk to growth as crude oil and edibles, which have driven inflation in India, remain major imported components in the consumption basket. For the present, it said, "their global prices have softened, as fears of recession have dampened prices somewhat. This would weaken inflationary pressures in India and rein in inflation." If recession concerns do not lead to a sustained and meaningful reduction in the prices of food and energy commodities, "then India's CAD (current account deficit) will deteriorate in 2022-23 on account of costlier imports and tepid exports on the merchandise account." Primarily driven by an increase in trade deficit, the CAD stood at 1.2 per cent of GDP in 2021-22. Analysts expect CAD may expand to 3 per cent of the GDP in the current financial year.

<https://www.financialexpress.com/economy/cad-expected-to-deteriorate-in-fy23-on-costlier-import-finmin-report/2594230/>

June consumer sentiment stays sluggish

Consumer sentiments continue to be sluggish with its index growing by 1.1% in June 2022. Though better than the 0.8% growth in May, it has slowed down significantly from 4-5% in January and February to 3% in March and April, the Centre for Monitoring Indian Economy said. According to CMIE, the Index of Current Economic Conditions (ICC) grew 28.1% between January and June 2022 but the Index of Consumer Expectations (ICE) grew at a much slower pace of 13.2%. In June, while the ICC grew by 2.65%, the ICE stagnated at its previous month's level, which means that while the current condition of households is improving, their expectations are not growing similarly, it said.

<https://economictimes.indiatimes.com/news/economy/indicators/june-consumer-sentiment-stays-sluggish/articleshow/92884566.cms>

Centre hopes to roll out Labour Codes in the next three to four months

The Centre is hoping that the much delayed Labour Codes are implemented in the next three to four months with most States having finalised their own draft rules and deliberations are ongoing on the way forward. According to sources, "Barring a few, almost all States have now finalised their draft rules. It would be ideal if the Codes can be rolled out over the next few months." The Centre would hope to have the codes implemented before the end of the current fiscal. "We are in July, with most of the work now completed. The Codes can be implemented by October or November," another source said, adding that discussions with all stakeholders including employers and trade unions have been completed.

<https://www.thehindubusinessline.com/economy/policy/centre-hopes-to-roll-out-labour-codes-in-the-next-three-to-four-months/article65639058.ece>

Banking and Finance

RBI cracks the whip on bank–fintech nexus

A year after insisting that banks should rely more on in-house mobile applications or apps to spread their digital presence rather than depending on third-party apps, it is learnt that the banking regulator is yet again tightening the norms around digital acquisition of customers, particularly for retail loan products. Highly placed sources say the Reserve Bank of India has asked banks to trim their tie-ups with third-party fintech apps, especially where the bank is a lender to or equity investor in the fintech and holds substantial interest. For instance, if a bank has extended credit, whether as working capital facility or term loan, to a fintech and the bank's exposure to the fintech's overall borrowings is 10 per cent or more, then it cannot use the fintech to source loans.

<https://www.thehindubusinessline.com/money-and-banking/rbi-cracks-the-whip-on-bankfintech-nexus/article65638414.ece>

Repayment pressure to test banks' loan underwriting quality: Fitch

Mounting repayment pressure for some borrowers, particularly micro, small and medium-sized enterprises, amid India's interest rate hikes will test banks' loan underwriting quality, Fitch Ratings said on Thursday. However, asset-quality risks from higher rates should generally be moderate for most banks, it said in a statement. Higher rates will also affect securities valuations and could make it harder for banks to raise fresh capital, particularly at state banks, although wider net interest margins (NIM) will have offsetting positive credit effects, it added. "We expect rates to rise further, reaching 5.90 per cent by end-2022 and 6.15 per cent by end-2023, then remaining at this level through 2024," it said, adding banks have been quick to pass on higher rates through loan portfolios, which are mainly floating in nature but have been slower in raising deposit rates. This trend should support higher NIM, but the lack of competition for deposits may point to relatively muted demand for new credit, it said.

https://www.business-standard.com/article/finance/repayment-pressure-to-test-banks-loan-underwriting-quality-fitch-122071400481_1.html

Securitisation volumes jump 70% to Rs 35,000 cr in Q1: CRISIL report

Securitisation volumes increased 70 per cent to Rs 35,000 crore in the April–June quarter (Q1FY23) of FY23, aided by economic activity picking up and the low base of last year, said a report by rating agency CRISIL on Thursday. The Reserve Bank of India defines securitisation as transactions where credit risks in assets are redistributed by repackaging them into tradable securities. In Q1FY22, securitisation volumes of Rs 20,000 crore was reported as volumes took a hit due to the second wave of the pandemic. Volumes could have been higher in Q1FY23 if not for high inflation and higher interest rates that raised doubts in the minds of the investors regarding the repayment capability of borrowers. "Despite the apparent return of enthusiasm among participants, a number of deals fell through at the quarter-end. Still, negligible disruption in collections and stable pool performance supported uptick in volume", said CRISIL.

https://www.business-standard.com/article/finance/securitisation-volumes-jump-70-to-rs-35-000-cr-in-q1-crisil-report-122071400766_1.html

IAMAI to shut down Blockchain and Crypto Assets Council over regulatory concerns

The Internet and Mobile Association of India (IAMAI) has decided to shut down the Blockchain and Crypto Assets Council (BACC). With this, IAMAI will cease to represent crypto-exchanges operating in India. IAMAI had created and nurtured BACC for four years. The association said it was forced to take the decision in light of the fact that the

regulatory environment for the industry is still uncertain. It would like to utilise its limited resources for other emerging digital sectors, which make a more immediate and direct contribution to the social and economic mandate of digital India. Notably, deepening financial inclusion and promoting Central Bank issued Digital Currency (CBDC). <https://www.thehindubusinessline.com/money-and-banking/iamai-to-shut-down-blockchain-and-crypto-assets-council-over-regulatory-concerns/article65640068.ece>

Industry

Department of Consumer Affairs sets up panel on Right to Repair

In a bid to develop an overall framework for the Right to Repair, the Department of Consumer Affairs has set up a committee chaired by Additional Secretary Nidhi Khatri. The committee includes Anupam Mishra, Joint Secretary DoCA; Justice Paramjeet Singh Dhaliwal; G.S. Bajpai, Chancellor, Rajiv Gandhi National University of Law, Patiala; Ashok Patil, Chair of Consumer Law and Practice; and representatives from stakeholders including ICEA, SIAM, consumer activists and consumer organisations as members, it added. "The aim of developing a framework on right to repair in India is to empower consumers and product buyers in the local market, harmonise trade between original equipment manufacturers and third-party buyers and sellers, emphasise on developing sustainable consumption of products and reduction in e-waste," the DoCA said. The government expects the framework to serve as a catalyst for sustainability and employment generation through Aatmanirbhar Bharat, by allowing third-party repairs. The key sectors identified for this framework include Farming Equipment, Mobile Phones/ Tablets, Consumer Durables and Automobiles & Automobile Equipment.

<https://www.thehindubusinessline.com/economy/policy/centre-to-develop-framework-on-right-to-repair-dept-of-consumer-affairs-sets-up-panel/article65638413.ece>

Government airs concerns over complaints against edtech companies

The government has taken a serious view of alleged mis-selling of courses by edtech firms. The consumer affairs department aired its concerns regarding this and various other aspects during a meeting with edtech companies and its self-regulatory organisation India Edtech Consortium (IEC) on June 24, sources briefed on the matter told ET.

<https://economictimes.indiatimes.com/tech/startups/government-airs-concerns-over-complaints-against-edtech-companies/articleshow/92883976.cms>

Agriculture

Regulator allows insurance firms 'use & file' procedure for agri products

General insurance companies have got the regulator's permission to file retail products for agriculture and related activities under a "use & file" procedure. Companies can introduce a product in the market and then file with the Insurance Regulatory and Development Authority of India (Irdai) for approval. Companies till now needed Irdai's approval before launching products but the process was delayed. Product approval would sometimes take around three months. "This move will facilitate the insurance companies to design and launch innovative products for these segments in a timely manner and expand the choices available to the policyholders", said Irdai in a statement on Thursday.

https://www.business-standard.com/article/finance/regulator-allows-insurance-firms-use-file-procedure-for-agri-products-122071401019_1.html

Horticulture output may grow 2% this year

The horticulture production in 2021-22 is estimated to be 341.63 million tonnes (mt), an increase of about 7.03 mt (rise of 2.10%) over 2020-21, according to the Ministry of Agriculture, on account of increase in production of fruits, vegetables and honey. However, a fall is expected in the production of spices, flowers, aromatics and medicinal plants.

<https://economictimes.indiatimes.com/news/economy/agriculture/horticulture-output-may-grow-2-this-yr/articleshow/92884578.cms>

Infrastructure

Mumbai-Ahmedabad bullet train project gathers steam

The pace of work on the Mumbai-Ahmedabad bullet train project has picked up pace with the change in government in Maharashtra. The long-pending land acquisition issue in the state is expected to be resolved soon with some 1.2 hectares of additional land in Palghar being acquired in the last 10 days alone, officials told ET. On July 4, the Eknath Shinde-led government proved its majority in the Maharashtra assembly. Work on the Maharashtra side of the project had slowed at the time of the previous Shiv Sena-NCP-Congress government. Officials said consensus has also been achieved on another long-pending issue of shifting a Bharat Petroleum Corp petrol pump located on a plot in the Bandra Kurla Complex (BKC).

<https://economictimes.indiatimes.com/industry/transportation/railways/mumbai-ahmedabad-bullet-train-project-gathers-steam/articleshow/92885085.cms>

Energy

Govt may drop proposal on discom delicensing from Electricity Act

The government is likely to drop amendments to the Electricity Act for Discom delicensing through separating carriage and content. The amendments to the Act are expected to be introduced in Parliament during the upcoming monsoon session. Sources said amendments on discom delicensing, which would infuse competition in the distribution sector and offer more choices to consumers, may be dropped largely due to operational issues and protests by the States. States such as West Bengal and Tamil Nadu had complained about the Centre's move, stating that this would lead to far-reaching detrimental implications for State Discoms. While generation and transmission are with the centre, distribution is the purview of the States.

<https://www.thehindubusinessline.com/news/national/govt-may-drop-proposal-on-discom-delicensing-from-electricity-act/article65640175.ece>

Domestic coal prices to remain high in current quarter as well: Icra

Rating agency Icra on Thursday said it expects prices of domestic coal to remain high in the ongoing quarter as well given the supply challenges of the dry fuel during monsoon. The domestic e-auction premium on coal increased by over 400 per cent in May, thereby adversely impacting the cost structure of the base metal companies and margins. "Going forward, given the coal supply challenges during the ongoing monsoon season, the rating agency expects domestic coal prices to remain elevated in the current quarter as well," Icra said in a statement. Power cost, it said, has risen substantially for domestic base metal companies, owing to lower availability of linkage coal to non-power sectors and elevated coal prices in both international and domestic markets.

<https://www.financialexpress.com/industry/domestic-coal-prices-to-remain-high-in-current-quarter-as-well-icra/2594158/>

Telecom

Telecom operators urge for 'fair play to prevent back door entry' in upcoming spectrum auctions

The Cellular Operators' Association of India (COAI) on Thursday said administrative allocation of spectrum for private 5G networks will be against tenets of level playing field and asked for 'Fair Play' to prevent back door entry to big tech for 5G. The development comes after billionaire Gautam Adani's group making a surprise entry into the race to acquire telecom spectrum that will pitch it directly against Mukesh Ambani's Reliance Jio and Sunil Mittal-owned Bharti Airtel in the upcoming auction. "Any consideration of administrative allocation of spectrum for such networks is fundamentally against principles of level playing field and effectively provides a backdoor entry to big technology players to provide 5G services and solutions to enterprises in India without equivalent regulatory compliance and payment of levies that TSPs are subjected to," SP Kochhar, Director-General, COAI, said.

<https://www.thehindubusinessline.com/news/telecom-operators-urge-for-fair-play-to-prevent-back-door-entry-in-upcoming-spectrum-auctions/article65640177.ece>

States

Maharashtra govt cuts VAT on petrol by Rs 5, diesel by Rs 3 per litre

The Maharashtra government will reduce the Value Added Tax (VAT) on petrol and diesel by Rs 5 and Rs 3 per litre, respectively, Chief Minister Eknath Shinde announced on Thursday. The decision, to be implemented from Thursday midnight, would put a burden of Rs 6,000 crore on the state exchequer but will benefit common people, he told reporters after a cabinet meeting here. Deputy Chief Minister Devendra Fadnavis said the decision was part of the Shiv Sena-BJP government's commitment to people's welfare. The government will also ensure that the revenue loss of Rs 6,000 crore does not affect development works, Shinde said.

https://www.business-standard.com/article/economy-policy/maharashtra-govt-cuts-vat-on-petrol-by-rs-5-diesel-by-rs-3-per-litre-122071400519_1.html

Karnataka's Skill Development Ministry to launch its ambitious Skill Connect Portal on World Youth Skills Day

Karnataka Skill Development Corporation (KSDC) has received approval from the Karnataka Government to build its ambitious project the Karnataka Skill Connect Portal (KSCP). Karnataka Skill Connect Portal (KSCP) is touted to be a digital platform that will bring together academic institutions, various skilling agencies, potential workforce, and potential employers. Government of Karnataka's Section 8 organisation Karnataka Digital Economy Mission (KDEM) will act as a knowledge bridge between the government and the industry and support the department of skill development with advisory and program management services to successfully build the KSCP platform. Sanjeev Gupta, CEO, KDEM said, "KDEM will act as an industry guide to the department of skill development, bringing in technology, best practices, and process-based support for meeting the objectives of skilling programs in the state of Karnataka while providing the industry with access to skilled and trained manpower."

<https://www.financialexpress.com/industry/sme/msme-skill-karnatakas-skill-development-ministry-to-launch-its-ambitious-skill-connect-portal-on-world-youth-skills-day/2594387/>

Healthcare

Vaccine makers all geared up for free booster shots

Ahead of the rollout of free precautionary shots of Covid-19 vaccine for all from July 15, vaccine makers say they are in a state of readiness to cater to the anticipated surge in demand. The vaccine makers are expecting to receive fresh orders from the Centre to cater to the 75-day programme, and they said they are all geared up to meet the demand. A spokesperson of Hyderabad-based Bharat Biotech International Ltd. said fresh stocks of Covaxin are available and ready to be supplied. "Bharat Biotech has more than 50 million doses of Covaxin readily available in vials and over 200 million doses as a drug substance. Additional production capacity is also available to meet product demand," the spokesperson added. As of July 14, 1.92 billion doses of Covid-19 vaccination had been administered in the country.

<https://www.thehindubusinessline.com/news/vaccine-makers-all-geared-up-for-free-booster-shots/article65640556.ece>

External

Exports rise 23.52 pc to USD 40.13 billion in June; trade deficit at record USD 26.18 billion

India's merchandise exports in June grew by 23.52 per cent to USD 40.13 billion, while the trade deficit ballooned to a record of USD 26.18 billion, according to the government data released on Thursday. Imports expanded by 57.55 per cent to USD 66.31 billion in June compared to the year-ago month, the data showed. The trade deficit stood at USD 9.60 billion in June 2021. Cumulative exports in April-June 2022-23 rose by about 24.51 per cent to USD 118.96 billion, while imports increased 49.47 per cent to USD 189.76 billion during the period. The trade deficit during the first three months of this fiscal widened to USD 70.80 billion from USD 31.42 billion in the year-ago period.

<https://www.financialexpress.com/economy/exports-rise-23-52-pc-to-usd-4013-billion-in-june-trade-deficit-at-record-usd-2618-billion/2594264/>

Centre extends RoSCTL scheme for export of garments, apparels

The government has approved the extension of the scheme for Rebate of State and Central Taxes and Levies (RoSCTL) till March 31, 2024 for export of apparel, garments and made-ups with the same rates, the Ministry of Textiles said in a press release on Thursday. Chairman of Apparel Export Promotion Council (AEPC), Naren Goenka, said so far the scheme has helped a large number of MSMEs to join the apparel export business. "It has helped India

to improve cost efficiency and the export competitiveness of Indian textiles and garments in the international market. And, also promoted growth of start-ups and entrepreneurs in the domain,” he said. “RoSCTL is a forward-looking and growth-oriented scheme which has provided a stable and predictable policy regime, helping boost exports and employment.” After the introduction of GST in 2017, the RoSL (Rebate of State Levies) scheme was replaced by a new scheme – Rebate of State and Central Taxes Levies (RoSCTL) in March 2019.

<https://economictimes.indiatimes.com/industry/cons-products/garments/-/textiles/centre-extends-rosctl-scheme-for-export-of-garments-apparels/articleshow/92874565.cms>

Higher pesticide residue norms may shrink Basmati exports

Basmati rice varieties, including the world’s longest grain developed by the Indian Agricultural Research Institute (IARI), are under threat in the export market after countries such as Qatar and Jordan started following the maximum residue limit (MRL) standards set by the European Union (EU). However, IARI’s new disease resistant varieties and proposed domestic standards by food quality regulator FSSAI may help India offer the safest aromatic rice to the world. The basmati industry simultaneously fears that the proposed FSSAI standards on MRL — which are even stricter than Codex, which is normally followed worldwide — will bring basmati exports to a halt. The All India Rice Exporters Association (AIREA) has urged the Centre not to implement the proposed MRL with regard to rice.

<https://www.thehindubusinessline.com/economy/agri-business/higher-pesticide-residue-norms-may-shrink-basmati-exports/article65630958.ece>

Jewellery exports to UAE shine post comprehensive economic partnership agreement

Gem and jewellery exports to the United Arab Emirates (UAE) have increased since the implementation of the Comprehensive Economic Partnership Agreement (CEPA) between the two countries from May 1. Plain gold jewellery exports surged 72% year-on-year in May to ₹1,048.40 crore and 68.65% in June to ₹1,451.58 crore. The UAE accounts for 80% of India's plain gold jewellery exports and 20% of studded jewellery exports. The government has set an overall merchandise exports target of \$45.7 billion for the gem and jewellery sector for 2022-23, up from \$40 billion last fiscal. Total gem and jewellery exports to the UAE in the June quarter grew 10.09% to ₹9,802 crore, from ₹8,904 crore a year ago.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/jewellery-exports-to-uae-shine-post-comprehensive-economic-partnership-agreement/articleshow/92885123.cms>

G20 must ensure developing nations earn ‘meaningful revenues’ from global minimum tax deal: Nirmala Sitharaman

Finance minister Nirmala Sitharaman on Thursday called on G20 countries to ensure that developing nations do not face any “unintended consequences” of the proposed global minimum tax deal at the G20 and earn “meaningful revenues”. She also said that the concerns of developing nations should also be addressed while formulating rules for the proposed two-pillar tax deal to ensure a fairer and inclusive tax system. “...it is necessary to guard against any unintended consequences, which may have an adverse impact on developing countries. We shall continue to work for the strengthening of international cooperation for a fairer, transparent, efficient and effective global tax system that supports and empowers the developing countries in their efforts to mobilise resources,” she said while addressing the ‘G20 Ministerial Symposium on Tax and Development’ in Bali. The proposed two-pillar solution consists of two components — Pillar One which is about reallocation of additional share of profit to the market jurisdictions and Pillar Two consisting of minimum tax and subject to tax rules.

<https://www.financialexpress.com/economy/g20-must-ensure-developing-nations-earn-meaningful-revenues-from-global-minimum-tax-deal-nirmala-sitharaman/2594224/>

I2U2: UAE to invest \$2 bn to develop integrated food parks across India

The United Arab Emirates will invest USD 2 billion to develop a series of integrated food parks across India under the framework of the four-nation grouping 'I2U2'. The decision was announced after the leaders of the grouping -- Prime Minister Narendra Modi, US President Joe Biden, Israeli Prime Minister Yair Lapid and UAE President Mohammed bin Zayed Al Nahyan -- held the first virtual summit. A joint statement said the I2U2 leaders' meeting focused on food security crisis and clean energy and that they discussed innovative ways to ensure longer-term, more diversified food production and food delivery systems. The grouping is known as 'I2U2' with "I" standing for India and Israel and

"U" for the US and the UAE. On the project relating to food parks, the statement said India will provide appropriate land.

https://www.business-standard.com/article/economy-policy/2u2-uae-to-invest-2-bn-to-develop-integrated-food-parks-across-india-122071400834_1.html