



July 18, 2022 – Monday

Economy

Monsoon session: Bills on regulation of cryptos, bank privatisation missing, again

Uncertainty over the privatisation of two public sector banks and regulation of crypto assets continue, as the government has not included these two in the list of Bills to be introduced during the monsoon session starting on Monday. Finance Minister Nirmala Sitharaman, in her budget speech for the fiscal year 2021-22 said, “We propose to take up the privatisation of two public sector banks and one general insurance company in the year 2021-22. This would require legislative amendments and I propose to introduce the amendments in this Session itself.” Since then, four sessions of the Parliament have gone but the Bill is yet to be brought.

<https://www.thehindubusinessline.com/economy/regulation-of-cryptos-and-bank-privatisation-remain-uncertain/article65650501.ece>

Muted impact of Fed’s Taper 2 on India due to strong external position: RBI article

The impact of US Federal Reserve’s announcement in November last year to taper its asset purchases was “moderate” on Indian financial markets largely due to the country’s strong external position in 2021, says an article. The article published in the Reserve Bank of India’s (RBI) monthly bulletin for July compared the impact of the two taper announcements (May 22, 2013 and November 3, 2021) by the US Federal Reserve (Fed) on Indian financial markets. In comparison to the Taper 1 announcement (May 22, 2013), movements in Indian equities, bond, and currency market volatility were also observed to be rather muted in the Taper 2 announcement period. “The Indian financial markets’ mild response to the Taper 2 announcement can be linked to the country’s strong external sector position during the Taper 2 announcement period,” the article said.

<https://www.financialexpress.com/economy/muted-impact-of-feds-taper-2-on-india-due-to-strong-external-position-rbi-article/2596728/>

Q1 GDP growth seen at 14-15% on services' revival

The Indian economy likely grew at 14-15% in the first quarter of the current fiscal year, riding a recovery in contact-intensive sectors even as the rest of the economy held firm despite multiple headwinds, a poll of economists indicated. While uncertainty still looms, economists say the worst may be over. GDP data for the first quarter will be announced on August 31. The median estimate in the poll of 10 economists was 14.43%. It pegged FY23 growth at 7.2-7.6%. The Reserve Bank of India (RBI) has forecast 16.2% GDP growth for the first quarter and 7.2% for the fiscal year.

<https://economictimes.indiatimes.com/news/economy/indicators/q1-gdp-growth-seen-at-14-15-on-services-revival/articleshow/92943686.cms>

Rupee fall fuels inflation, but makes exports competitive: Experts

Rupee depreciation has impacted the current account deficit and fuelled inflationary pressures but at the same time it has made Indian exports more competitive, according to experts. The Indian rupee has been depreciating against the USD dollar and is nearing the psychologically key mark of 80, making imports expensive. “The depreciation of the rupee has multiple impacts on the economy. Given we have a negative trade balance, though a depreciation of the rupee makes our exports more competitive, our import bills go up significantly. It has an impact on the current

account deficit thus further putting pressure on the rupee as well as imports inflation too as the price of imports in rupee terms is higher," said Ranen Banerjee, Leader, Economic Advisory Services, PwC India. A recent report by the finance ministry cautioned that India's current account deficit (CAD) is expected to deteriorate in the current fiscal on account of costlier imports and tepid merchandise exports. Primarily driven by an increase in the trade deficit, the CAD stood at 1.2 per cent of GDP in 2021-22.

<https://www.financialexpress.com/economy/rupee-fall-fuels-inflation-but-makes-exports-competitive-experts/2596626/>

Banking and Finance

GST on labelled food items, hospital rooms above Rs 5K from Monday

Customers will have to pay 5 per cent GST on pre-packed, labelled food items like atta, paneer and curd, besides hospital rooms with rent above Rs 5,000 from Monday with the GST Council's decision coming into force. In addition, hotel rooms with tariff of up to Rs 1,000/day, maps and charts, including atlases, will attract a 12 per cent Goods and Services Tax (GST), while 18 per cent GST will be levied on tetra packs and fees charged by banks for the issue of cheques (loose or in book form). Last month, the GST Council, chaired by Union Finance Minister Nirmala Sitharaman and comprising her state counterparts, had pruned the exemption list and imposed tax on a host of goods and services.

https://www.business-standard.com/article/economy-policy/gst-on-labelled-food-items-hospital-rooms-above-rs-5k-from-monday-122071700192_1.html

Industry

Centre hastens rollout of MCA21 Version 3.0, first set of nine forms to be launched on Aug 31

The Corporate Affairs Ministry (MCA) has taken the next big step in the rollout of Version 3.0 of MCA21, India's first mission mode e-governance project. It has decided to from end August on-board corporates currently on Version 2.0, sources said. MCA has identified as many as nine forms —DIR3-KYC Web, DIR3-KYC Eform, DPT-3, DPT-4, CHG-1, CHG-4, CHG-6, CHG-8 and CHG-9 —that will be the first set to be launched on the MCA21 V3 portal from August 31, sources said. With this planned migration, the MCA has now decided that Company e-Filings on the V2 portal will be disabled from August 15, 2022, for these nine forms. It may be recalled that MCA Secretary Rajesh Verma had in June this year told BusinessLine that Version 3.0 of MCA21 will be fully rolled out in the next two to three months (by August). MCA is implementing version 3.0 in phases and, based on feedback, making mid-course corrections. The Version 3.0 module has already been implemented for limited liability partnerships (LLPs).

<https://www.thehindubusinessline.com/economy/policy/mca21-centre-intensifies-migration-to-version-30-first-set-of-nine-forms-to-be-launched-on-aug-31/article65650613.ece>

MeitY flags revenue dept's move to levy customs duty on phone display parts

A letter sent by the ministry of electronics and information technology (MeitY) to the department of revenue in March this year has highlighted apparent differences on the validity of customs duty levies on a key component in cellular phones, the touch panel or cover glass. The seeming differences in views between the two departments, government and industry executives say, is relevant for duty evasion notices that the Directorate of Revenue Intelligence (DRI) has served on Chinese smartphone majors Oppo and Vivo. The impact may not be confined to Chinese firms and could potentially disrupt India's aspirations of becoming an electronics manufacturing hub, if issue is not resolved immediately, industry officials said. A revenue department official confirmed receiving the letter, saying, "they will look into concerns of the industry."

<https://economictimes.indiatimes.com/news/economy/policy/meity-flags-revenue-depts-move-to-levy-customs-duty-on-phone-display-parts/articleshow/92943499.cms>

Govt amends SEZ norms to help companies opt for flexible work options

The government has amended the Special Economic Zones (SEZ) Rules, 2006 to accommodate the work-from-home model of employment, a move expected to change the demand for leasing of space at information technology parks. This is also expected to help companies attract and retain talent with flexible work-from-home and hybrid work options. As per the notification issued by the commerce and industry ministry, a unit operating in the SEZ may

permit its employees, including contractual staff, to work from home or from any place outside the SEZ. This proposal for working from home will cover a maximum of 50% of the total employees, including contractual employees, of the unit. The development commissioner may approve a higher number of employees to work from home for any bona fide reason to be recorded in writing.

<https://economictimes.indiatimes.com/news/company/corporate-trends/govt-amends-sez-norms-to-help-companies-opt-for-flexible-work-options/articleshow/92941462.cms>

Air conditioners sales touch record 6 million units in first half of 2022 amid scorching heat

Amid soaring temperature, demand for cooling products, particularly air conditioners has witnessed a sharp uptick and the industry has registered a cumulative record domestic sales of nearly 6 million units in the first half of this year. The industry AC sales number zoomed even though makers took a price increase two to three times in the last six months, having a cumulative impact of nearly 10-15 per cent, as they faced unprecedented inflationary pressure from metals to key components and an increase in logistic charges such as ocean freight. Voltas has sold close to 1.2 million units of residential ACs, while LG Electronic India has sold over one million units of residential inverter air-conditioners in the domestic market in the first half of this calendar year, said their respective statements. In the first half of 2022, other air conditioner manufacturers such as Hitachi, Daikin, Panasonic and Haier -also witnessed a similar upwards trend in their unit sales and expect an encouraging number for the remaining second half, though it contributes around 25 per cent of their sales.

<https://www.financialexpress.com/industry/air-conditioners-sales-touch-record-6-million-units-in-first-half-of-2022-amid-scorching-heat/2596617/>

Agriculture

Average farm income soars 1.3-1.7 times in FY22 from FY18: SBI Research

The income of farmers has grown in the range of 1.3-1.7 times in FY22 from the FY18 levels on average while grain exports soared to over USD 50 billion, says an SBI Research report. For certain crops in some states (like soyabean in Maharashtra and cotton in Karnataka) farmers' income more than doubled in FY22 from FY18 levels, while in all other cases it rose in the range of 1.3-1.7 times. The increase in the income of farmers engaged in cash crops has been more prominent compared to farmers growing non-cash crops, SBI chief economist Soumyakanti Ghosh said in an elaborate report on Sunday. This also has led to an increase in the share of agriculture in the GDP to 18.8 per cent from 14.2 per cent, the report said. This rise was also due to the shrinkage of the industrial and services contribution to the economy due to the deadly second wave of the pandemic.

<https://www.financialexpress.com/economy/average-farm-income-soars-1-3-17-times-in-fy22-from-fy18-sbi-research/2596753/>

Tea producers reinvent business, adapt online blend for consumer connect

Heritage tea plantations are reinventing their business model in the digital era and reaching out to consumers directly to offer a fresh cuppa. The plantation owners are bulk tea players that rely on auctions, private sales, exports and even modern retail in a limited way. But with the e-commerce space hotting up post-Covid pandemic, bulk tea players are viewing D2C as an effective way to sell premium tea and connect with the consumers. "Less than 50 per cent of tea sales are routed through auctions. But for the balance 50 per cent, online retailing is likely to help producers get a better average realization per kilogram on a weighted average basis vis-à-vis the auctions," Kaushik Das, vice president, ICRA, said.

https://www.business-standard.com/article/markets/tea-producers-reinvent-business-adapt-online-blend-for-consumer-connect-122071700418_1.html

Infrastructure

Developers should bid prudently for BOT projects: Transport secretary

Transport secretary Giridhar Aramane said the government is trying to make the BOT (build own transfer) model of private investment in road projects financially viable, but it would also require bidders to be prudent and not bid too low. Under BOT, the developer arranges the funds for the project, collects toll from it for the agreed concession period, and then transfers the asset to the government. While there has been a revival in interest in the BOT model

for roads, the government is careful to avoid the aggressive bidding that had earlier caused severe stress. "We are planning to award a few BOT projects in the current financial year. We keep testing the market and every quarter we would like to do at least two," Aramane told ET, adding that there is a plan to auction three road projects under BOT in the second quarter of FY23.

<https://economictimes.indiatimes.com/news/economy/infrastructure/developers-should-bid-prudently-for-bot-projects-transport-secretary/articleshow/92941339.cms>

ATF prices cut: Aviation turbine fuel price slashed by 2.2%

Aviation turbine fuel (ATF) prices were reduced by Rs 3,084.94 per kilolitre or 2.2% on Saturday following a reduction in international oil prices. ATF now costs Rs 1,38,147.93 per kilolitre in Delhi, the latest price notification by state-run fuel retailers showed. The price has slipped to Rs 1,37,095.74 per kilolitre in Mumbai, Rs 1,43,212.24 per kilolitre in Chennai and Rs 1,44,575.71 per kilolitre in Kolkata. The ATF prices are revised on the 1st and 16th of every month based on rates of benchmark international oil rates in the previous fortnight. No changes were made to the prices on July 1. This is only the second occasion when the rates have been slashed this year. Prices of ATF were reduced on June 1 as well, by Rs 1,563.97 per kilolitre or 1.3%.

<https://www.financialexpress.com/market/commodities/atf-prices-cut-aviation-turbine-fuel-price-slashed-by-2-2/2596360/>

Co-living segment sees strong revival in demand with reopening of offices, colleges

The co-living segment has recovered from the onslaught of the COVID-19 pandemic and demand for rental homes has risen sharply with reopening of offices and colleges, according to top industry players. The co-living industry, which provides managed rental accommodations for working professionals and students, was severely affected during the last two financial years due to the pandemic and lockdowns that caused reverse migration from cities. It was among the worst affected sectors because of closure of offices, schools and colleges for a long period of time. Many small operators even shut their businesses. Top officials of leading co-living operators such as Stanza Living, CoLive, Housr and Settl said the demand for beds in their co-living centres has bounced back to pre-COVID levels or even higher, encouraging them to expand their operations. Rentals per bed too have improved after a fall during the pandemic period, they added. Property consultants Housing.com and Colliers India expect significant increase in demand-supply as well as investments in this segment in the coming years.

<https://www.financialexpress.com/industry/co-living-segment-sees-strong-revival-in-demand-with-reopening-of-offices-colleges/2596592/>

Energy

Fuel demand in India declines in July so far adding to oil's gloom: Report

India's gasoline and diesel sales during the first half of July dropped from last month as seasonal rains curtailed demand in the world's third-biggest energy consumer, that could help keep a lid on oil prices. The three biggest retailers sold 1.28 million tons of gasoline during July 1-15, down about 8% from the corresponding period in June, according to refinery officials with knowledge of the matter. Diesel sales fell almost 14% from last month, said the people, who asked not to be identified discussing unpublished data. The retracement in India's fuel demand adds pressure on the price of oil amid rising pessimism about a global economic slowdown that dragged it below \$100 a barrel for the first time since early April. The softening of demand could also add to a supply glut in the region that's curtailing the profits from processing gasoline and diesel.

https://www.business-standard.com/article/current-affairs/fuel-demand-in-india-declines-in-july-so-far-adding-to-oil-s-gloom-report-122071700795_1.html

External

Remittances from advanced nations beat flows from Gulf region in FY21

The share of remittances from the Gulf Cooperation Council (GCC) region in India's inward remittances is estimated to have declined from more than 50 per cent in 2016-17 to about 30 per cent in 2020-21, according to the Reserve Bank of India's fifth round of Survey on Remittances. Amid the steady migration of skilled workers, Advanced Economies (AEs), particularly the US, the UK and Singapore, emerged as an important source country of remittances,

accounting for 36 per cent of total remittances in 2020-21, as per the findings of the Survey (for 2020-21 reference period) published in RBI's latest monthly bulletin. The US surpassed the UAE as the top source country, accounting for 23 per cent of total remittances in 2020-21.

<https://www.thehindubusinessline.com/money-and-banking/share-of-inward-remittances-from-gcc-region-declined-to-30-in-2020-21/article65650279.ece>

India's agri, processed food exports up 14% in Q1 FY23

India's exports of agricultural and processed food products rose 14% on-year in the first three months of FY23 to \$5.98 billion, the commerce and industry ministry said in a statement on Sunday. The exports of these products were \$5.25 billion in the same period of the previous fiscal. "Of the total \$23.56 billion export target for 2022-23, 25.4% (has been) achieved in the first three months," the ministry said. The export target for April-June 2022-23 was \$5.89 billion. The exports of fresh fruits & vegetables rose 8.6% while those of processed food products like cereals and miscellaneous processed items grew 36.4% year-on-year in the first quarter of 2022-23.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/indias-agri-processed-food-exports-up-14-in-q1-fy23/articleshow/92939929.cms>