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Economy

India's FY23 growth forecast cut to 7%, RBI to stay hawkish: FICCI

The Indian economy is expected to expand 7% in fiscal 2022/23, slower than a previous estimate of 7.4% and the central bank's 7.2% projection, according to a survey by India's leading industry body. The Federation of Indian Chambers of Commerce and Industry's (FICCI) quarterly survey, released on Thursday, said the war in Ukraine is likely to keep inflation high and dent consumer demand. The Reserve Bank of India (RBI) was expected to stay hawkish to tackle elevated inflation, the survey of top independent economists, showed. "CPI is anticipated to remain above the RBI's tolerance band till the third quarter of FY2022-23 and may come within the tolerance level only after the fourth quarter," the FICCI said in a press statement. Annual consumer inflation has remained above the RBI's 2%-6% tolerance band for six straight months to June, prompting economists in the survey to predict the RBI will hike the repo rate further to 5.65% by the end of the fiscal year in March 2023. "Major risks to India's economic recovery include rising commodity prices, supply-side disruptions, bleak global growth prospects with the conflict prolonging in Europe," the industry body said.

https://www.business-standard.com/article/economy-policy/india-s-fy23-growth-forecast-cut-to-7-rbi-to-stay-hawkish-ficci-122072100608_1.html

India Innovation Index: Karnataka, Telangana, Haryana bag top 3 ranks among major states

Karnataka, Telangana and Haryana have been ranked as the top three states among 17 major states in Niti Aayog's third innovation index. Niti Aayog's India Innovation Index 2021 examines innovation capacities and ecosystems at the sub-national level. The index, released by Niti Aayog's Vice Chairman Suman Bery in the presence of Chief Executive Officer Parameswaran Iyer on Thursday, has been developed on the lines of the Global Innovation Index. States and Union Territories were divided into '17 Major States', '10 North-East and Hill States', and '9 Union Territories and City States', for effectively comparing their performance. Chhattisgarh, Odisha and Bihar have been ranked at the bottom of the index among major states. Karnataka topped the index for the third year in a row. Among Union Territories, Chandigarh topped the chart, while in the North-East and Hill States category, Manipur occupied the top spot. "Among the 17 major states, Karnataka, with a score of 18.01, is the top performer, followed by Telangana and Haryana. Chhattisgarh has scored the least, 10.97. And the average score for the major states' category is 14.02," the index showed. The overall index score is 14.56.

<https://www.financialexpress.com/economy/karnataka-telangana-haryana-bag-top-3-ranks-among-major-states-in-nitis-innovation-index/2601372/>

Centre holds more consultations on Labour Codes to build consensus

The Ministry of Labour has initiated fresh discussions over the four Labour Codes with trade unions and employers' federations in order to create greater consensus and understanding about the provisions of the new laws. The Ministry is understood to have concerns about possible public opposition to the new Codes that have brought in various provisions on salary and provident fund payouts, as well as hiring and retrenchment. The concerns come in the backdrop of the opposition and protests against the farm laws, which eventually led to their repeal.

<https://www.thehindubusinessline.com/news/labour-ministry-holds-more-consultations-on-labour-codes-to-build-consensus/article65665867.ece>

ADB lowers India GDP forecast for FY23 to 7.2 per cent

Asian Development Bank (ADB) has lowered the economic growth forecast for India for current fiscal year to 7.2 per cent, with impacts of COVID-19 and Russia-Ukraine war getting exacerbated by high inflation. In April, the multilateral funding agency had forecast the Indian economy to grow by 7.5 per cent. It also revised downwards the economic growth in fiscal ended March 2022 to 8.7 per cent from 8.9 per cent estimated earlier. India's GDP (Gross Domestic Product) growth moderated to 4.1 per cent in Q4 of fiscal year ended March 2022 on disappointing growth in private consumption and a contraction in manufacturing, ADB said in its supplement to the Asian Development Outlook (ADO) for 2022. "India has been hit by the omicron COVID-19 variant and the economic impact of the war in Ukraine. Consequently, GDP growth for FY2021 is revised down from 8.9 per cent to 8.7 per cent and from 7.5 per cent to 7.2 per cent for FY2022 (fiscal to be ending in March 2023). "Although consumer confidence continues to improve, higher-than-expected inflation will erode consumer purchasing power," ADO Supplement released on Thursday said.

<https://www.financialexpress.com/economy/adb-lowers-india-gdp-forecast-for-fy23-to-7-2-per-cent/2601792/>

Banking and Finance

RBI reschedules next MPC meet to Aug 3-5 due to 'administrative exigencies'

Reserve Bank of India on Thursday announced that its MPC meeting has been rescheduled to August 3-5, 2022 as against August 2-4, 2022. Due to administrative exigencies, the next meeting of the Monetary Policy Committee (MPC) has been rescheduled from August 2-4, 2022 to August 3-5, 2022, said RBI in a release. The Reserve Bank of India (RBI) has raised interest rates by 90 basis points so far this year to 4.9% and is set to add more in coming months. RBI Governor Shaktikanta Das said recently inflation was unlikely to fall within the top end of its mandated target band until December.

https://www.business-standard.com/article/finance/rbi-reschedules-mpc-meeting-to-aug-3-5-due-to-administrative-exigencies-122072100958_1.html

CBIC vetting paperless customs rules for SEZs

A proposal for a completely paperless customs compliance framework for special economic zones (SEZs) is being reviewed by the Central Board of Indirect Taxes and Customs (CBIC), said officials. The framework will be in sync with new legislation proposed by the Centre to turn the SEZs into comprehensive economic hubs, with larger participation of states and further ease of compliance to attract investment. A working group of officers recently submitted a detailed report identifying processes which can be migrated to the ICES (Indian Customs EDI System) or the Indian Customs Electronic Gateway (ICEGATE) system to make the customs process automated and smooth. The CBIC has identified processes, including filing bills of entry, filling shipping bills and risk-based examination of cargo which will be migrated to the ICES systems. "We did a very comprehensive review of part of the touch points between the customs and SEZ units and the processes involved and how we can automate them," a senior official told ET.

<https://economictimes.indiatimes.com/news/economy/policy/cbic-vetting-paperless-customs-rules-for-sezs/articleshow/93037965.cms>

TReDS: Bill discounting platforms have failed to take off, says NITI Aayog report

The government's public policy think-tank NITI Aayog has said that TReDS' bill discounting platforms are yet to see meaningful growth. In a report proposing licensing and regulatory framework for digital banks in India on Wednesday, NITI Aayog said while TReDS being "sound in theory as observed by the U K Sinha Committee, the bill discounting platforms have failed to take off and create meaningful volumes of invoice discounting." The aayog cited three reasons for the slow growth of TReDS' platforms; first, lack of corporate buyer incentive. According to NITI Aayog, the procedural guidelines are too restrictive as the buyer is required to relinquish any rights to dispute the service or goods delivered at the time it accepts the invoice to be discounted. "While this is assuring for the financing parties, it inhibits the corporate buyer from onboarding in the first place because it would be waiving its rights to dispute the goods and services by accepting the "factoring unit", the report said.

<https://www.financialexpress.com/industry/sme/msme-fin-treds-bill-discounting-platforms-have-failed-to-take-off-says-niti-aayog-report/2601909/>

Bad loan ratio of banks likely to fall to 5-5.5 pc by March 2024: S&P Global

S&P Global Ratings on Thursday said non-performing loans of banks are expected to decline to 5-5.5 per cent of the total advances by March 2024. As per the latest Financial Stability Report published by the RBI, the gross non-performing assets (GNPA) declined to a six-year low of 5.9 per cent in March 2022. "We project the banking sector's weak loans will decline to 5-5.5 per cent of gross loans by March 31, 2024. Likewise, we forecast the credit costs to stabilise at 1.5 per cent for fiscal 2023 and further normalise to 1.3 per cent, making credit costs comparable to those of other emerging markets and India's 15-year average," the rating agency said in a report. The small and midsize enterprise sector and low-income households are vulnerable to rising interest rates and high inflation, but it expects these risks to be limited, the agency added. With an economic pick-up, residual stress for these segments should start abating, it said, adding that NPL recoveries are likely to also gain momentum. It also said India's economic growth prospects should remain strong over the medium term, with GDP expanding 6.5-7 per cent annually in fiscal years 2024-2026.

<https://www.financialexpress.com/industry/banking-finance/bad-loan-ratio-of-banks-likely-to-fall-to-5-5-5-pc-by-march-2024-sp-global/2601860/>

Industry

Government launches three schemes for pharma sector MSMEs

The government on Thursday launched three schemes to strengthen Micro, Small and Medium Enterprises (MSMEs) in the pharmaceutical sector. The Pharmaceutical Technology Upgradation Assistance Scheme (PTUAS) would facilitate pharmaceutical MSMEs with proven track record to upgrade their technology. The scheme has provisions for a capital subsidy of 10 per cent on loans up to a maximum limit of Rs 10 crore with a minimum repayment period of three years or interest subvention of up to 5 per cent (6 per cent in case of units owned by SC/ST) on reducing balance basis. Similarly, Assistance to Pharma Industries for Common Facilities Scheme (API-CF) would strengthen the existing pharmaceutical clusters' capacity for sustained growth. It provides for an assistance of up to 70 per cent of the approved project cost or Rs 20 crore, whichever is less. In case of Himalayan and north-east region, the grant-in-aid would be Rs 20 crore per cluster or 90 per cent of the project cost, whichever is less. Pharmaceutical and Medical Devices Promotion and Development Scheme (PMPDS) would involve preparation of study reports on topics of importance for the Indian pharma and medical device industry. The scheme is aimed at creating a database of pharma and medical device sectors.

<https://www.financialexpress.com/industry/sme/government-launches-three-schemes-for-pharma-sector-msmes/2601723/>

FMCG firms bet on small packets to evade big inflation monster, drive growth

As inflation continues to bite into household budgets, FMCG companies are launching low unit packs (LUPs) and bridge packs to drive growth while trying to keep their customer base from going to other brands. "Low value packs or bridge packs are usually the best option to increase sales in our country as Indian consumers prefer small packs over large ones due to their pocket-friendly price range. Majority sales contribution in the snacks category is from tiny packs," said Manish Aggarwal, Director, Bikano, Bikanervala Foods Pvt Ltd. "People are now buying products in smaller quantities and so low-value, bridge packs are registering a huge demand, more than what we had seen before. Rs 10, Rs 20 and Rs 25 price points are becoming more prominent and this helps consumers to try quality products at affordable prices. With respect to our in-house brands such as Mamafeast and Naturefest, we are working on the launch of a variety of bridge packs for almost all of the products," said Amarnath Halembur, Executive Director and CEO, NextG Apex India Pvt Ltd. LUPs contribute to around 25- 30 per cent of the sales value for the firm.

<https://www.financialexpress.com/industry/fmcg-firms-bet-on-small-packets-to-evade-big-inflation-monster-drive-growth/2601455/>

MSMEs withdraw registration from Modi govt's Udyam portal; business shutdown among key reasons

As many as 35,501 enterprises registered on the government's MSME registration portal Udyam have withdrawn their registration due to multiple reasons so far since the launch of the portal on July 1, 2020, according to the government data. Out of the total withdrawals as of July 15, 2022, 67 per cent or 24,075 registrations were withdrawn in the previous financial year 2021-22 while 931 registrations were withdrawn in FY21. In the current

financial year, 10,495 enterprises withdrew their Udyam licenses. The data shared by the Minister of State for MSMEs Bhanu Pratap Singh Verma in Lok Sabha on Thursday showed the shutting down of operations by 9,141 enterprises among the key reasons for revoking licenses (from July 1, 2020, till July 15, 2022). Moreover, 5,510 enterprises withdrew their registrations because they didn't require it any further while 3,911 registrations were revoked due to 'change of owner' in the business. Lastly, 15,597 enterprises had cancelled their licenses due to 'other' reasons.

<https://www.financialexpress.com/industry/sme/msme-eodb-msmes-withdraw-registration-from-modi-govts-udyam-portal-business-shutdown-among-key-reasons/2601548/>

Domestic steel selling at premium as Chinese supplies taper off

After lying low for the last two months, domestic steel prices are being quoted at a premium over imports as shipments from China are being delayed due to a sharp fall in their production. Domestic hot-rolled coil (HRC) prices are sold at a premium at \$645 (₹51,600) a tonne while that of China hovers at about \$614 (₹49,120) a tonne. China's crude steel production was down 3 per cent to 90.7 million tonnes last month. It dipped 6 per cent to 526 million tonnes in the first six months of this year.

<https://www.thehindubusinessline.com/economy/steel-prices-at-premium-as-china-quits-export-market/article65666979.ece>

Carmakers grapple with backlog of 6.5 lakh units as chip shortage hits production

Leading carmakers are grappling with a huge backlog of around 6.5 lakh units, with chip shortage continuing to crimp their manufacturing activities and leading to long waiting period for customers. The country's largest carmaker Maruti Suzuki India alone has a backlog of around 3.4 lakh units while Hyundai and Mahindra & Mahindra have a combined pending order list of about three lakh units. Tata Motors, Kia and Honda Cars are also sitting on substantial pending orders. With the auto industry slowly witnessing revival after pandemic shocks, in recent times, even luxury carmakers have seen demand outstripping supply, resulting in backlog of orders. "As per our estimates, there should be a backlog of around 6.5 lakh units across the passenger vehicle market. For Maruti Suzuki alone, the figure has crossed the 3.4 lakh mark," Maruti Suzuki India Senior Executive Director (Marketing and Sales) Shashank Srivastava told PTI.

<https://www.thehindubusinessline.com/companies/carmakers-grapple-with-backlog-of-65-lakh-units-as-chip-shortage-hits-production/article65666283.ece>

Auto companies capex set to cross \$3 billion in FY23

As the economy gains momentum and vehicle output witnesses a new record, the automotive market is leading the pace of growth in manufacturing capex in FY23. The automotive market capex is set to cross \$3 billion, or ₹27,000 crore, in FY23, posting a growth of 24% as per estimates by Axis Capital. The forecast capital investment of auto companies in FY23 will surpass the pre-Covid capex peak of ₹26,800 crore in FY20. The pace of growth is the second highest after the metal sector. The overall capex of 75 manufacturing companies is expected to increase 13% to ₹1.6 lakh crore.

<https://economictimes.indiatimes.com/industry/auto/auto-news/auto-companies-capex-set-to-cross-3-billion-in-fy23/articleshow/93038107.cms>

Two-wheeler recalls skyrocket in FY22, FY23: MoRTH

Two-wheeler manufacturers recalled a whopping 8.64 lakh vehicles in FY22, with Honda Motorcycle & Scooter India accounting for about 80 per cent. Comparatively, in FY21, hit by Covid, just 1,284 units were recalled and in FY20, 53,324 units.

<https://www.thehindubusinessline.com/economy/two-wheeler-recalls-skyrocket-in-fy22-fy23-morth/article65666903.ece>

Infrastructure

Centre considering extension of PMAY - Urban scheme till March 2024

The Union Ministry of Housing and Urban Affairs is considering a proposal to extend the urban leg of the Pradhan Mantri Awas Yojana (or PMAY -U) – India's flagship urban housing for all scheme - till March 2024. According to a

written response in the Lok Sabha by the Union Minister of State for Housing and Urban Affairs, Kaushal Kishore, a proposal seeking extension of PMAY-U to March 2024, to complete all houses sanctioned under the scheme up to March 31, 2022 “without changing the funding pattern and implementation methodology, is under consideration”.
<https://www.thehindubusinessline.com/companies/centre-considering-extension-of-pmay-urban-scheme-till-march-2024/article65666650.ece>

Over 10 mn air passengers availed benefit of UDAN scheme: Govt

Over one crore air passengers have availed the benefit of the government's UDAN regional connectivity scheme since its inception in 2016, Minister of State for Civil Aviation, Gen. V.K. Singh (retd), said in a written reply to a question in the Lok Sabha on Thursday. The scheme focuses on connectivity between Tier-2 and Tier-3 cities and the number of beneficiaries will increase manifold as connectivity improves between the unserved and underserved airports, the reply said. The Ministry of Civil Aviation had launched the UDAN (Ude Desh ka Aam Nagrik) scheme on October 21, 2016 to enhance regional air connectivity from unserved and underserved airports in the country by making air travel affordable for the masses. So far, 425 UDAN routes have been operationalised across the country, connecting 68 UDAN airports, including two water aerodromes and eight heliports.

https://www.business-standard.com/article/economy-policy/over-10-mn-air-passengers-availed-benefit-of-udan-scheme-govt-122072101064_1.html

Retail spreads its wings, but without much fashion

Retailers leased one million square feet of new space across malls and high streets of major cities in April-June quarter as 2022 is expected to see the highest leasing since 2018, according to international property consultant CBRE's market monitor report for the quarter. With the growth of nearly 363% year-on-year and about 118% quarter-on-quarter, retail leasing is expected to double in the second half of 2022 as many international brands have announced entry into India. The share of homeware and department stores, entertainment and superstores have increased in overall leasing while the share of fashion and apparel fell significantly to 28% from 41% in the previous quarter. "The retail sector made a robust recovery in the second quarter of 2022, with transaction activity growing by more than 100% on a quarter-on-quarter basis," said Anshuman Magazine, CEO, India, south-east Asia, Middle East & Africa, CBRE.

<https://economictimes.indiatimes.com/industry/services/retail/retail-spreads-its-wings-but-without-much-fashion/articleshow/93038240.cms>

Telecom

TRAI floats consultation paper on community radio stations-related issues

The Telecom Regulatory Authority of India has floated a consultation paper to seek stakeholder views on licensing of community radio stations. This comes after the Information & Broadcasting Ministry has sought recommendations from the Authority on amendments in policy guidelines for setting up community radio stations. Community Radio Stations (CRS) serve a local and well-defined community focusing on the day-to-day concerns, specific information and entertainment needs.

<https://www.thehindubusinessline.com/economy/trai-floats-consultation-paper-on-community-radio-stations-related-issues/article65666180.ece>

States

Tripura's GST collection has more than doubled in 5 years: Deputy CM

Tripura Deputy Chief Minister Jishnu Dev Varma on Thursday said the GST collection in Tripura has more than doubled during the past five years. The GST collection (without compensation) has been enhanced from Rs 479.71 crore in 2017-18 FY to Rs 1282.69 crore in 2021-22 FY in the state, he said during a programme – Journey with GST – 5 years and road ahead. “Tripura has registered an overall 21 per cent hike tax collection and the Centre has been releasing the GST compensation to the state on regular basis”, he said. Laying emphasis on cooperative attitude between the taxpayers and the tax officials, Dev Varma said the formation of GST council was also a landmark step for one nation one tax regime. “Every decision that the GST council makes is on the basis of consensus, which is a

very challenging task. There are states who argue against any proposal that has been finally resolved consensus", he stated.

<https://www.financialexpress.com/economy/tripuras-gst-collection-has-more-than-doubled-in-5-years-deputy-cm/2601774/>

Healthcare

India's preventive healthcare market projected to touch \$197 bn by 2025

India's preventive healthcare sector – fitness, wellness, foods and supplements, early diagnostics and health tracking – is projected to reach \$197 bn by 2025, growing at a CAGR of 22 per cent, said a recent report. Consulting firm Redseer Strategy Consultants in collaboration with Chiratae Ventures and Amazon Web Services (AWS) has come out with a report on 'State of Preventive Health in India'. "India is looking to effectively deliver quality healthcare to a billion people through rapidly evolving technology that can provide affordable, accessible and personalised healthcare. We have invested over \$150mn in healthcare companies in India, such as Cure.fit, Redcliffe, HealthifyMe, Smiles.ai, HealthPlix, Onco, and others, who are revolutionizing care delivery in nutrition and wellness, cancer, genomics, and other critical areas," said Sudhir Sethi, founder, chairman, Chiratae Ventures. India has traditionally focused on curative care as opposed to preventive care. However, since the COVID-19 pandemic, preventive care has increased in importance across India. A survey conducted with over 1,000 individuals reveals that at least 40 per cent of the respondents were highly inclined towards preventive health.

https://www.business-standard.com/article/companies/india-s-preventive-healthcare-market-projected-to-touch-197-bn-by-2025-122072100653_1.html

External

India, 17 others unveil roadmap for long-term resilient supply chains

A partnership of 18 economies, including India, the US and the European Union (EU), has unveiled a four-point roadmap for building collective, long-term resilient supply chains, including steps to counter risks arising from supply dependencies and vulnerabilities. The roadmap was outlined in a joint statement issued on Wednesday following a virtual supply chain ministerial meeting hosted by US secretary of state Antony Blinken and secretary of commerce Gina Raimondo. The meeting was a follow-up to the supply chain summit convened by US President Joe Biden last October. The roadmap for building resilient supply chains is based on the global principles of transparency, diversification, security and sustainability, according to the statement. "Building collective, long-term resilient supply chains based on international partnerships is critical to the success of this effort," the statement said.

<https://economictimes.indiatimes.com/news/economy/policy/india-17-others-unveil-roadmap-for-long-term-resilient-supply-chains/articleshow/93037902.cms>

Sugar mills seek next year's export policy to cash in on firm futures

Sugar millers have urged the government to announce export policy for the next sugar season that begins from October 1, allowing mills to sign forward contracts at a time when international futures prices of raw sugar are firm. Industry body Indian Sugar Mills Association (ISMA), in a letter to the food ministry, has requested to allow export of eight million tonnes of sugar in 2022-23. "Right now, Thailand and Brazil are taking benefit of the firm international prices," said Aditya Jhunjhunwala, president of ISMA. "If we can contract now for the next season, we can begin exports from October."

<https://economictimes.indiatimes.com/news/economy/foreign-trade/sugar-mills-seek-next-years-export-policy-to-cash-in-on-firm-futures/articleshow/93037970.cms>

India-UK FTA negotiations to conclude by Aug 31, says Commerce Secretary

The India-UK Free Trade Agreement (FTA) negotiations will be concluded by August 31 this year and after internal approvals on both sides the agreement would be ready to be signed as per convenience of both leaders, Commerce Secretary BVR Subrahmanyam has said.

<https://www.thehindubusinessline.com/economy/india-uk-fta-negotiations-to-conclude-by-aug-31-says-commerce-secretary/article65667498.ece>