



July 25, 2022 – Monday

Economy

Trust-based taxation system resulting in improved collections: FM Nirmala Sitharaman

Finance minister Nirmala Sitharaman on Sunday said that the trust-based taxation system introduced by the government has resulted in improved collections and increase in the number of return filings. In her message on the 163rd Income Tax Day, the finance minister complimented the department for achieving the highest-ever revenue collection of over Rs 14 lakh crore in the last fiscal and expressed hope that the momentum would continue in the current fiscal too. Direct tax collections surged to Rs 14.09 lakh crore in 2021-22, registering a year-on-year growth of 49.02 per cent on the back of strong growth in mop-up from individual and corporation tax.

<https://www.financialexpress.com/economy/trust-based-taxation-system-resulting-in-improved-collections-fm-nirmala-sitharaman/2604638/>

GST on essential items after states sought levy, aimed to check evasion: Official

GST on pre-packaged goods/ food packets was levied after some states gave feedback of losing revenues they previously earned from levy of VAT on food items, a top government official said. The decision to levy the tax, which came into effect from July 18, is not that of the Union government but of the GST Council. It was considered by the Fitment Committee that has officers of some states and the centre. It was also recommended by a group of ministers (GOM) consisting of minister representatives of some states and finally by the GST council, Revenue Secretary Tarun Bajaj told PTI here. In all, the GST Council, the new constitutional mechanism in the country for taking decisions on GST, took a consensus view on levy of the tax, he said.

<https://www.financialexpress.com/economy/gst-on-essential-items-after-states-sought-levy-aimed-to-check-evasion-official/2604287/>

Banking and Finance

Private banks hopeful of credit pick-up in FY23 after encouraging Q1

Private banks are optimistic of a pick-up in credit in FY23, after muted growth in the last two financial years. Q1FY23 saw most private banks reporting an increase in demand across both wholesale and retail loans. While elevated inflationary pressures and macro-economic concerns continue to pose a challenge for India's GDP growth, bankers are optimistic that business will continue to grow as the economy recovers and consumer sentiment improves.

<https://www.thehindubusinessline.com/money-and-banking/private-banks-hopeful-of-credit-pick-in-fy23-after-encouraging-q1/article65678675.ece>

RBI to issue a consultation paper on climate change risks

The Reserve Bank will issue a consultation paper on climate change and climate change related risks order in the coming weeks to equip banks and financial institutions to effectively deal with the issues arising out of climate change. "Climate-related risks will be a focus area in times to come" said RBI governor Shaktikanta Das on Friday in his address at the Bank of Baroda's annual banking conference in Mumbai. "In this area, whatever we want to do we would like to do in a collaborative manner," Das said. "With this objective we are coming out with a discussion

paper on climate change and climate change related risks. We are expecting suggestions, ideas from all stakeholders. After considering the suggestions we will go forward.”

<https://economictimes.indiatimes.com/news/economy/policy/rbi-to-issue-a-consultation-paper-on-climate-change-risks/articleshow/93080333.cms>

Lenders seek clarity from bad bank over invoking guarantees

In a move that could delay the sale of soured debt to the National Asset Reconstruction Company (NARCL), lenders have decided to transfer bad loans only after clarity emerged on the terms under which government guarantees could be invoked to meet shortfalls in recovery, people aware of the development told ET. The subject has assumed importance because banks have never invoked a government guarantee in the past. Senior bank officials conveyed their reservations on the subject to the NARCL management at a meeting last week, the people cited above said. Lenders have sought details on circumstances that could trigger invocation of the guarantee, eligibility for invoking the guarantee, conditional precedents for its invocation, and the timelines on payment.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/lenders-seek-clarity-from-bad-bank-over-invoking-guarantees/articleshow/93096540.cms>

Industry

Government targets 100% procurement by ministries, CPSEs through GeM portal by end of FY23

The government has now set a target of procuring all of its goods and services through the public procurement portal Government e-Marketplace (GeM). It aims to make 100 per cent procurement through GeM by the end of the current financial year and 75 per cent by August 15, according to a statement by Commerce Ministry. Chairing a review meeting of GeM on Friday, Commerce Minister Piyush Goyal “emphasized that Prime Minister has set a target of 75 per cent procurement to be made through GeM by the 15th of August and 100 per cent by the end of the current financial year,” the statement said.

<https://www.financialexpress.com/industry/sme/msme-eodb-government-targets-100-procurement-by-ministries-cpses-through-gem-portal-by-end-of-fy23/2604245/>

ONDC expects to have real customers on network by next month, says CBO Shireesh Joshi

Shireesh Joshi, Chief Business Officer of Open Network for Digital Commerce (ONDC), said that the organisation is working with partners to get the network ready for launch and expects that by the middle of next month real customers will be able to use it. Currently, ONDC is running pilots in 21 cities and is holding conversations with various industry associations, venture capitalists to onboard more companies on the network. In a conversation with BusinessLine, Joshi explains the benefits of joining ONDC and the impact it will soon create. Excerpts:

<https://www.thehindubusinessline.com/companies/ondc-expects-to-have-real-customers-on-network-by-next-month-says-cbo-shireesh-joshi/article65677630.ece>

FMCG companies plan promotions, discounts amid reduction in input costs

Packaged consumer goods makers said there could be an increase in promotions and discounts at trade level in a few product categories amid reduction in input cost. But price tags are unlikely to be slashed until at least another quarter, they said. Over the past month, there has been a steep correction in two crucial commodities - crude and palm oil - that together account for more than half of companies' input costs. Price of palm oil - used in making products such as soaps, biscuits and noodles - dropped to \$830 per metric ton from highs of \$1,900. Crude oil, a key input for detergent and packaging, among others has retreated to less than \$100 per barrel, down from a peak of about \$130. "Input costs are still highly volatile. The expectation is that they will not go back to peak levels, but they have to sustain at these levels or further go down for companies to directly reduce MRP or increase pack weights," said Mayank Shah, senior category head at India's biggest food company Parle Products. "So, till then consumers will get the indirect benefits through promotions such as additional pack free or discount."

<https://economictimes.indiatimes.com/industry/cons-products/fmcf/fmcf-companies-plan-promotions-discounts-amid-reduction-in-input-costs/articleshow/93098270.cms>

Big FMCG companies enter plant-based meat segment, target non-veg consumers

Big FMCG companies are entering the plant-based meat segment, targeting non-vegetarian consumers who are looking for an animal-protein replacement, besides a large section of vegetarians. The segment which opened up two years back is estimated to touch around USD one billion by 2030 and now products in the plant-sourced meat segment are available at e-commerce platforms and large retail chains in leading metros. Besides, players are also targeting institutional clients in the HoReCa (hotel, restaurant and catering) segment and several Quick Service Restaurant (QSR) chains such as Domino's and Starbucks in India have included plant-based protein in their food menus. According to the Tata group FMCG arm, plant-based meats are at the forefront of the broader plant protein landscape, aimed at replicating the sensory and cultural resonance of animal-derived meat, but without the associated implications to the environment and health.

https://www.business-standard.com/article/companies/big-fmcg-companies-enter-plant-based-meat-segment-target-non-veg-consumers-122072400548_1.html

Jewellery makers cut work hours as duty hike hits gold demand

Gold jewellery manufacturing units in Mumbai, Ahmedabad, Coimbatore, Kolkata and Rajkot have cut work time to 6-7 hours from 8-10 hours earlier as demand had fallen by more than 60% after the government hiked import duty to 12.5% from 7.5% last month. These manufacturing units employ around 6.5 million people. Jewellery manufacturers say job losses may be on the anvil in the coming weeks if business drops further. "Demand has dropped significantly after the import duty announcement. We have been forced to reduce the man-hours to reduce jewellery manufacturing," Muthu Venkatram, president, Coimbatore Jewellery Manufacturers Association, told ET.

<https://economictimes.indiatimes.com/industry/cons-products/fashion/-/cosmetics/-/jewellery/jewellery-makers-cut-work-hours-as-duty-hike-hits-gold-demand/articleshow/93096234.cms>

Agriculture

Deficit in paddy coverage to be recovered with monsoon progressing fast, says Agri commissioner

Agriculture commissioner A K Singh has said there is a slight deficit in paddy coverage in the ongoing kharif season mainly in eastern India, but it will be recovered with monsoon progressing fast. In the southern region, paddy has been planted in a significant area buoyed by good and well-distributed rainfall. In Punjab, Haryana and western Uttar Pradesh too, there is no cause of concern as of now as the sowing is normally undertaken much in advance with the help of tubewell irrigation, he said. While there is a slight deficit in paddy coverage especially in eastern India, including eastern and central Uttar Pradesh, but with rains now catching up that area will be recovered, he added.

<https://www.financialexpress.com/economy/deficit-in-paddy-coverage-to-be-recovered-with-monsoon-progressing-fast-says-agri-commissioner/2604338/>

Infrastructure

Plans afoot to turn Gujarat's Bedi Port into multi-modal hub

Plans have been drawn to convert Gujarat's Bedi Port into a multi-modal hub with rail connectivity being put in place. According to officials in the know, discussions are on between few container handling logistics companies to use the railway line adequately. "Containers usually move from Jamnagar area to Mumbai or to Mundra. There has also been a demand for a private freight terminal for containers alongside the railway line. It is expected that this will reduce the logistics cost for containers," a Bedi Port official told ET.

<https://economictimes.indiatimes.com/industry/transportation/shipping/-/transport/plans-afoot-to-turn-gujarats-bedi-port-into-multi-modal-hub/articleshow/93096235.cms>

SEZ rules recast to give a boost to realty too: Experts

The government's move to revamp special economic zones (SEZs) will rekindle interest in the commercial hotspots, make them more inclusive in terms of economic activity and fetch good value for real estate in these pockets, experts said. A draft Bill to revamp SEZs into development of enterprise and service hubs (DESH) is expected to allow partial denotification of these hubs to free up areas not in demand. It has also been proposed that the built-up area in a services hub is not required to be contiguous, which will be welcomed by information technology SEZs that have sought partial denotification of empty spaces. "Post the Sunset clause, there was uncertainty around the prospects

of SEZs, some of which were occupying prime real estate, but which had still become somewhat unattractive," said Gautam Saraf, managing director, Mumbai and new business, at Cushman & Wakefield.

<https://economictimes.indiatimes.com/news/economy/policy/sez-rules-recast-to-give-a-boost-to-realty-too-experts/articleshow/93096225.cms>

Flexible workspace leasing by corporates up 59% in Apr-Jun to 28k desks

Leasing of flexible workspace by corporates rose 59 per cent in April-June at 28,167 desks across top eight cities as they are embracing managed office space amid uncertainties, according to Cushman & Wakefield. Enterprises had leased 17,691 seats in coworking centres in the April-June quarter of last year across eight major cities -- Delhi-NCR, Mumbai, Pune, Bengaluru, Hyderabad, Chennai, Kolkata and Ahmedabad. In its latest report on India's office market, real estate consultant Cushman & Wakefield said: "A lot of companies, including the global multinationals, have embraced the managed space concept leading to enterprise flex seat deals standing at 28,167 seats transacted in Q2-22." Bengaluru, Pune, and Hyderabad are cities spearheading the enterprise deals in flexible seats, with the three cities accounting for around 75 per cent of all deals since the start of 2021.

https://www.business-standard.com/article/markets/flexible-workspace-leasing-by-corporates-up-59-in-apr-jun-to-28k-desks-122072400468_1.html

Energy

Power Ministry asks states to formulate plans for biomass co-firing in power plants

The Ministry of Power has asked states to formulate time-bound plans to ensure the utilisation of biomass for co-firing in thermal power plants ahead of the Kharif harvest season to reduce stubble burning and air pollution. To address the issue of air pollution and to reduce the carbon footprint of thermal power generation, the Ministry of Power issued a revised policy in October last year for the use of agro residue-based biomass and mandated the use of five to seven per cent of biomass co-fired along with the coal for all thermal power plants. Farm stubble burning plays a major role in air pollution across the country. A senior official told PTI that the power ministry had written a letter to all states and union territories to draft time-bound implementation plans to ensure the utilization of biomass to co-fire it with coal in their thermal power plants and in IPPs (independent power plants) from where power is being procured by states.

<https://economictimes.indiatimes.com/industry/energy/power/power-ministry-asks-states-to-formulate-plans-for-biomass-co-firing-in-power-plants/articleshow/93085802.cms>

Telecom

Govt proposes revamp of telecom rules to keep pace with modernisation

The Department of Telecom has floated a consultation paper on the revamp of telecom rules mainly to keep pace with the change in technology like 5G, simplify laws and promote investments, according to an official document. The new rules will not be applicable with retrospective effect to cause any adverse impact on the relevant entity, according to the consultation paper. "A new law on telecommunication needs to aim at establishing an enabling future-ready framework for the development of telecommunication sector and deployment of new technologies. Such a law needs to consolidate the existing laws governing telecommunication sector, while keeping in view global best practices," the consultation paper dated July 23 said. "This would mean continuity of licenses and authorizations under the old regime. To minimize policy disruption, such a law needs to provide for continuation of rules, guidelines, administrative orders issued under the existing regime until superseded by new rules. Furthermore, a new law needs to ensure that the terms and conditions will not be modified with retrospective effect to the detriment of the relevant entity," the paper said.

<https://www.financialexpress.com/industry/govt-proposes-revamp-of-telecom-rules-to-keep-pace-with-modernisation/2604501/>