



August 18, 2022 – Thursday

Key Developments

Union Cabinet enhances ECLGS corpus by Rs 50,000 crore to Rs 5 trn

The Union Cabinet on Wednesday approved raising the outlay of the Emergency Credit Line Guarantee Scheme (ECLGS) by Rs 50,000 crore to Rs 5 lakh crore and the additional amount will be earmarked for enterprises in the hospitality and related sectors. In the 2022-23 Union Budget, there was a proposal for raising the limit of ECLGS from Rs 4.5 lakh to Rs 5 lakh crore to help hospitality sector hit by the coronavirus pandemic. The hike in the amount has been made on account of the severe disruptions caused by the pandemic in the hospitality and related sectors, Information and Broadcasting Minister Anurag Singh Thakur said while briefing the media on various decision taken by the Cabinet.

https://www.business-standard.com/article/economy-policy/union-cabinet-enhances-eclgs-corpus-by-rs-50-000-crore-to-rs-5-trn-122081700686_1.html

Economy

Unrealistic to assume India will record sustained growth of 8 pc, says Montek Singh Ahluwalia

Former deputy chairman of the erstwhile Planning Commission Montek Singh Ahluwalia on Wednesday said it would be unrealistic to assume that India would record a sustained growth of 8 per cent, which is needed to become a 'developed nation' by 2047. Participating in a panel discussion organised by the Centre for Social and Economic Progress (CSEP), he said India's annual per capita income is around USD 2,000 and it is unlikely that it would increase to USD 12,000 by 2047 to become a high-income country as per the World Bank's definition. According to Ahluwalia, those who think India's growth projections in the near future are 7 - 7.5 per cent should recognise that the country cannot maintain that pace for such a long time. "So 6 per cent average economic growth rate (for India) is not unreasonable," he added.

<https://economictimes.indiatimes.com/news/economy/indicators/unrealistic-to-assume-india-will-record-sustained-growth-of-8-pc-says-montek-singh-ahluwalia/articleshow/93622908.cms>

69% of jobs in India under threat of automation: Report

69 per cent of Indian jobs are theoretically under the threat of automation by 2040 according to a recent report by a market analytics firm, Forester, on the 'Future of Jobs Forecast' between 2020 and 2040. While India will be one of the few economies in the Asia Pacific region to see massive workforce expansion in the future, the country will face challenges in incorporating automation as well as job creation of additional entrants into the work force. India is the sole major economy besides Australia, which will see an expansion in its workforce in the Asia Pacific (APAC) region. India will add 160 million workers to its working population by 2040, reaching a veritable size of 1.1 billion. By 2025, India's working population will overtake China, which will struggle with the contraction of its workforce as well as losing jobs to automation in the future.

<https://www.thehindubusinessline.com/economy/69-of-jobs-in-india-under-threat-of-automation-report/article65778289.ece>

Banking and Finance

RBI moots 'tiered' charge on payments via UPI, releases discussion paper

The Reserve Bank of India (RBI) has sought feedback from stakeholders on the possibility of imposing a “tiered” charge on payments made through the Unified Payments Interface (UPI), based on different amount bands. The RBI’s discussion paper on charges in payment systems, released on Wednesday, seeks to structure its policies and streamline the framework of charges for different payment services or activities, such as UPI, IMPS (Immediate Payment Service), NEFT (National Electronic Funds Transfer), RTGS (Real-Time Gross Settlement), and payment instruments including debit cards, credit cards, and prepaid payment instruments (PPIs).

https://www.business-standard.com/article/economy-policy/rbi-moots-tiered-charge-on-payments-via-upi-releases-discussion-paper-122081701280_1.html

Borrowers shift back to domestic markets as global conditions turn volatile

For Indian firms it is back to borrowing in India with overseas borrowings through external commercial borrowings down by 20 percent in Q2'22 as global liquidity tightening and volatile currency made ECBs expensive. This also explains the pick-up in domestic credit. Borrowers across sectors availed overseas loans worth \$3.7 billion during April-June'22, down 20 percent from \$4.6 billion in the same period a year ago." Tightening global liquidity and an increase in offshore borrowing costs likely impacted the appetite for external commercial borrowings in early FY23 after a rise in FY22, besides an under-pressure currency adding to costs" Radhika Rao, DBS, chief India economist at DBS.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/borrowers-shift-back-to-domestic-markets-as-global-conditions-turn-volatile/articleshow/93621505.cms>

Microfinance loans grow 24% YoY in Q1 of FY23; credit quality stable

The loan portfolio of micro-finance institutions (MFI) increased 24 per cent year-on-year (YoY) to Rs 2.75 trillion by end of this June from Rs 2.22 trillion a year ago. Sequentially, the loan book expanded from Rs 2.62 trillion at end of March 2022 (Q4FY22), according to Sa-Dhan, the self-regulatory organisation (SRO) for microfinance. Jiji Mammen, chief executive officer of Sa-Dhan, said the sector is on track after overcoming the impact of the coronavirus. Although it was busy in implementing the Reserve Bank of India’s regulations during Q1, it has clocked a healthy growth. Fund flow to the sector has improved but some smaller MFIs still find it difficult to access finance from banks. The organisation is working towards removing this gap, Sa-Dhan said in a statement.

https://www.business-standard.com/article/finance/microfinance-loans-grow-24-yoy-in-q1-of-fy23-credit-quality-stable-122081701126_1.html

Funding winter bypasses early & seed stage dealmakers

Despite an ongoing funding winter and a global economic slowdown due to rising fuel prices and inflation, early-stage (pre-Series A and Series A) and seed-stage deals have been in throttle mode. This is despite a steep slowdown in late-stage investments in the Indian tech start-up ecosystem, which has led to unicorns and large startups restructuring their business and laying off employees to increase their runway. Data from private deal tracker Tracxn showed that despite a slight slowdown in the number of seed stage and early stage deals in CY2022, investment volumes (total value of deals) have in fact improved when compared to the previous calendar year. This trend indicates a positive investor sentiment among early-stage VC funds as investors gradually increase their cheque sizes despite a cautionary economic environment, according to analysts and investors that FE spoke with.

<https://www.financialexpress.com/industry/sme/funding-winter-bypasses-early-seed-stage-dealmakers/2633371/>

Government ceding control could impact PSBs’ credit profile, ratings: India Ratings

The government’s ceding of ownership and control of public sector banks (PSBs) could have significant implications for their credit profile, rating agency India Ratings and Research said on Wednesday. In the event of government ceding control of state-owned banks, the agency would reassess the government’s support stance along with implications for liability profile to reassess their long-term issuer ratings and the ratings of their deposits and other instruments. “The agency opines PSBs’ credit profile benefits significantly on account of their majority government ownership and control, and believes it has significant bearing on its expectation of government support for their liabilities, if required,” India Ratings said.

<https://www.financialexpress.com/industry/banking-finance/government-ceding-control-could-impact-psbs-credit-profile-ratings-india-ratings/2633620/>

Industry

Manufacturing investments rose 20.9% in FY20 before Covid pandemic: ASI report

Manufacturing sector investments grew 20.9% in 2019-20 over the previous fiscal, the ministry of statistics and programme implementation said in its final Annual Survey of Industries (ASI) released on Wednesday. The provisional estimates in May had shown a 20% rise. The gross fixed capital formation (GFCF) in 2019-20 was Rs 4.16 lakh crore compared to Rs 3.44 lakh crore in FY19. There was a 1.7% increase in the number of factories in the country. Employment in the corporate sector, which includes public and private, government and non-government companies, increased 5.5% to 97.02 lakh in 2019-20. The survey results are for the year before the Covid-19 pandemic.

<https://economictimes.indiatimes.com/news/economy/indicators/manufacturing-investments-rose-20-9-in-fy20-before-covid-pandemic-asi-report/articleshow/93623655.cms>

Retail businesses grew 18% in July as compared to pre-Covid level: Survey

The retail businesses grew 18 per cent last month over the pre-pandemic level of July 2019, according to Retailers Association of India's Retail Business Survey. In July 2022, growth in sales compared to the pre-pandemic period (July 2019) was noticeable across regions, with sales in eastern India growing to 25 per cent. There was 21 per cent sales growth in southern India, while the figures were 16 per cent and 10 per cent for the north and the west, respectively. Sales across categories also showed a steady increase over the pre-pandemic period. Sports goods performed the best, followed by footwear, apparel, and jewellery. Retail sales had moved below pre-pandemic levels in January due to restrictions imposed by states in view of the Omicron wave. Since February, sales have been steadily inching higher compared to the pre-Covid period.

https://www.business-standard.com/article/companies/retail-sales-remain-robust-show-steady-rise-over-pre-pandemic-period-122081701160_1.html

Hospitality industry welcomes ₹50,000-crore boost via emergency credit line

The hospitality industry welcomed the decision to approve an additional ₹50,000 crore specifically for hospitality and related sectors under the Emergency Credit Line Guarantee Scheme (ECLGS). "The additional line of credit was much needed by the hospitality sector which is still grappling with massive debts and is simultaneously trying to keep the business running," said Gurbaxish Singh Kohli, vice president, Federation of Hotel & Restaurant Associations of India. Kush Kapoor, CEO of Roseate Hotels, said the increase in allocation "has come as a breather for hotel players grappling with the burden of loan repayment and uncertainties in revenue generation". Nishant Pitti, co-founder of EaseMyTrip, said it is 'good news' for MSMEs in travel, tourism and hospitality industry.

<https://economictimes.indiatimes.com/industry/services/hotels/-/restaurants/hospitality-industry-welcomes-50000-crore-boost-via-emergency-credit-line/articleshow/93624196.cms>

FSSAI says more than 4800 samples of edible oils lifted under nationwide surveillance campaign

The Food Safety and Standards Authority of India (FSSAI) on Wednesday said, 4845 samples of edible oils have been collected as part of a nationwide surveillance campaign to check on edible oil adulteration. It had earlier directed state food safety departments to conduct a surveillance drive to check on adulteration in edible oils, presence of trans-fatty acids in hydrogenated oils, crack down on sale of loose edible oil and prevent besides check on sale of multi-source edible oils without proper labelling. "This massive surveillance drive was carried out between August 1, 2022 to August 14 2022 across the country with a total of 4845 surveillance samples of vegetable oils, multi-source edible oils, vanaspati etc., across 35 States/ UTs. The Commissioners of Food Safety in all States/UTs were directed to lift surveillance samples of these products in a staggered manner from the markets so that the sample base is wider and representative of all Food Business Operators (FBOs)/ Brands being sold therein," the food safety authority said in a statement.

<https://www.thehindubusinessline.com/economy/fssai-says-more-than-4800-samples-of-edible-oils-lifted-under-nationwide-surveillance-campaign/article65779371.ece>

Agriculture

1.5% interest subvention on short-term agri loans of up to Rs 3 lakh: Govt

The Union Cabinet chaired by Prime Minister Narendra Modi on Wednesday approved an interest subvention of 1.5 per cent per annum on short-term agriculture loan up to Rs 3 lakh to ensure "adequate credit flow in the agriculture sector". "Thus, Interest Subvention of 1.5 per cent will be provided to lending institutions (Public Sector Banks, Private Sector Bank, Small Finance Banks, Regional Rural Banks, Cooperative Banks and Computerized PACS directly ceded with commercial banks) for the financial year 2022-23 to 2024-25 for lending short term agri-loans upto Rs 3 lakh to the farmers," said an official statement. This increase in interest subvention support requires additional budgetary provisions of Rs 34,856 crore for the period of 2022-23 to 2024-25 under the scheme. According to the statement, the increase in the interest subvention will ensure the sustainability of credit flow in the agriculture sector as well as ensure financial health and viability of the lending institutions especially Regional Rural Banks & Cooperative Banks, ensuring adequate agriculture credit in the rural economy.

https://www.business-standard.com/article/economy-policy/1-5-interest-subvention-on-short-term-agri-loans-of-up-to-rs-3-lakh-govt-122081700676_1.html

Foodgrain production may be 1.6% higher in 2021-22

India is likely to produce 315,72 million tonnes of foodgrains in 2021-22, 1.6% higher than in the previous year, with an expected record production of rice, maize, gram, pulses, rapeseed and mustard, oilseeds and sugarcane, the agriculture ministry said in its fourth advance estimates on Wednesday. "The production during 2021-22 is higher by 25 million tonnes than the previous five years' (2016-17 to 2020-21) average production of foodgrains," the ministry said in a statement. Rice production is expected to be 130.29 million tonnes. Wheat production could increase to 106.84 million tonnes, 2.96 million tonnes higher than the past five years' average of 103.88 million tonnes. The production for nutri or coarse cereals could be 50.90 million tonnes, according to the ministry.

<https://economictimes.indiatimes.com/news/economy/agriculture/foodgrain-production-may-be-1-6-higher-in-2021-22/articleshow/93623989.cms>

Energy

India targets 900 million tonne coal production in FY23: Minister

The ministry of coal is targeting production of 900 million tonne (MT) this financial year and national miner Coal India Ltd (CIL) would produce 700 MT coal, union coal minister Pralhad Joshi said on Wednesday. "During the last four months, CIL has set new record by producing around 207 MT of coal. Indian economy is growing at a very fast pace and coal based power generation has recorded 16.8 per cent increase this year and the production of domestic coal has gone up by 22 per cent. By the year 2030 India's coal requirement will be of 1.5 billion tonne," Joshi said. With regards to commercial mining, the minister said 43 mines have been awarded during the last two years. He said the total annual revenue generation from the three tranches of commercial auction is estimated at Rs 4,286.53 crore considering production at aggregated Peak Rate Capacity level of 23.77 MT per annum.

https://www.business-standard.com/article/economy-policy/india-targets-900-million-tonne-coal-production-in-fy23-minister-122081701145_1.html

Indian oil marketing majors' short-term borrowings up 17% in FY22 to Rs 73,000 crore

The combined short-term borrowings of oil marketing majors Indian Oil Corporation, Bharat Petroleum Corporation, and Hindustan Petroleum Corporation increased 17% in 2021-22 to ₹73,055 crore against ₹62,377 crore in FY21, data from their annual reports show. The jump in borrowings, according to company officials and analysts, is attributable to increased working capital needs on the back of a freeze in revision of petrol and diesel prices, even as crude oil prices jumped 72% in the last fiscal. Oil marketing companies (OMCs) did not hike fuel prices for nearly 138 days between November 3 and March 22 in the run-up to assembly elections in five states. Crude oil prices jumped 40% in that period.

<https://economictimes.indiatimes.com/industry/energy/oil-gas/indian-oil-marketing-majors-short-term-borrowings-up-17-in-fy22-to-rs-73000-crore/articleshow/93624548.cms>

India's oil demand to rise by 7.7% in 2022, fastest growing in world: OPEC

India's demand for petroleum products like petrol and diesel will grow by 7.73 per cent in 2022, the fastest pace in the world, an OPEC report said. India's demand for oil products is projected to rise from 4.77 million barrels per day (bpd) in 2021 to 5.14 million bpd in 2022, OPEC said in its monthly oil report. The growth in demand is the fastest in the world ahead of 1.23 per cent of China, 3.39 per cent of the US and 4.62 per cent of Europe. For 2023, the Organisation of Petroleum Exporting Countries (OPEC) projected a growth of 4.67 per cent in India's demand to 5.38 per cent. This, however, will be lower than 4.86 per cent growth in China.

https://www.business-standard.com/article/economy-policy/india-s-oil-demand-to-rise-by-7-7-in-2023-fastest-growing-in-world-opec-122081700697_1.html

Telecom

DoT gets Rs 17,875 crore in first batch of payments for 5G spectrum

The government has received around Rs 17,875 crore from winning bidders of 5G spectrum in the recently-ended auction. Only Bharti Airtel has chosen the option to pay more upfront amount while the remaining three firms have opted for 20 equal annual instalments. Airtel has paid Rs 8,312.4 crore to the Department of Telecommunications (DoT), settling instalments for four years upfront while Reliance Jio has paid its first instalment of Rs 7,864 crore. New entrant Adani Data Networks too has chosen the option to pay in 20 equal instalments by depositing Rs 18.94 crore and Vodafone Idea has paid Rs 1,680 crore as the first instalment. In a statement Wednesday, Airtel said it believes that this upfront payment coupled with the moratorium on spectrum dues and adjusted gross revenue (AGR)-related payments for four years will free up future cash flows and allow it to dedicate resources to single-mindedly concentrate on the 5G roll out.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/dot-gets-rs-17876-crore-from-telecom-operators-as-upfront-payment-for-5g-spectrum/articleshow/93623225.cms>

Govt, telcos rushing to start 5G, but major launches only in December

The government and the telcos are rushing to commercially launch 5G services at the earliest, but any significant uptake in the roll out can only be expected around December, say industry executives. They say that by December, most of the high-paying pockets in metros and other tier 1 cities would be covered with 5G services roll out. To cover the entire country with 5G services will take anywhere from one-and-a-half to two years, depending on the availability of devices and other supporting factors. But to start with, the government is expediting work on all fronts such as allocating frequencies, giving approvals for 'trusted' source as well as relaxations in import of equipment.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/govt-telcos-rushing-to-start-5g-but-major-launches-only-in-december/articleshow/93623310.cms>

States

Tamil Nadu Government to provide financial aid to Covid-19 battered MSMEs under CARE scheme

As a part of the COVID Assistance and Relief to Entrepreneurs (CARE) scheme of the Tamil Nadu Government, the Industries Department of the state has reached out to micro, small and medium enterprises (MSMEs) to offer financial assistance to businesses that have been affected by the Covid-19 pandemic during 2020-21 and 2021-22 to get back on their feet. According to the report by The Hindu, District Industries Centre (DIC) has stated that both manufacturing and service-sector enterprises are eligible for the scheme. Restaurants, beauty parlours, gyms, and workshops will be potential beneficiaries of the CARE scheme, according to the DIC. Ice manufacturing plants are also said to have sought assistance under the subsidy-supported credit scheme.

<https://www.financialexpress.com/industry/sme/msme-fin-tamil-nadu-government-to-provide-financial-aid-to-covid-19-battered-msmes-under-care-scheme-report/2633705/>

External

At \$4.3 bn, imports from Russia jump nearly 7 times in June: Govt data

India imported goods worth \$4.23 billion in June from sanctions-hit Russia, up 6.8 times as compared to last year, as demand for shipments of crude oil grew at the fastest pace during the month. Crude oil worth \$3.02 billion was imported in June, which translates into a share of 71 per cent of the total imports from Russia, commerce and

industry ministry data showed. Similarly, during the April-June quarter, India's imports from Russia were valued at \$9.27 billion, up 369 per cent on year. Crude oil comprised almost two-thirds of imports from the nation. Other major imported items from the country included coal, soybean and sunflower crude oil, fertilisers, among others.

https://www.business-standard.com/article/economy-policy/at-4-3-bn-imports-from-russia-jump-nearly-7-times-in-june-govt-data-122081701266_1.html

Bangladesh PM Sheikh Hasina gives green signal for CEPA with India

Bangladesh Prime Minister Sheikh Hasina has given the green signal to begin formal negotiations for signing a comprehensive economic partnership agreement (CEPA) with India in what can also boost trade and investments in eastern and north-eastern India in a big way. This will be Dhaka's first trade pact with any country, and it has given preference to India despite requests from China and Japan to have free-trade agreements, ET has learnt. Pacts with Japan and China are still at an assessment stage. The CEPA will figure high on the agenda during Hasina's proposed visit here on September 6-7.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/bangladesh-pm-sheikh-hasina-gives-green-signal-for-cepa-with-india/articleshow/93628145.cms>

India's oil meal exports up 19 pc at 2.27 lakh tonnes in July: SEA

The country's oil meal exports increased 19 per cent to 2,27,247 tonnes in July this year due to rise in shipments of rapeseed meals, according to Solvent Extractors' Association (SEA) of India. Oil meal exports during July 2021 stood at 1,91,663 tonnes, SEA data said. The overall export of oil meals during April-July jumped 35 per cent to 12,48,512 tonnes compared to 9,27,555 tonnes in the same period of the previous year. Exports of rapeseed meal during April-July showed a quantum jump of 77 per cent at 8,51,212 tonnes compared to 4,79,572 tonnes following a record crop and crushing which led to high processing, availability and exports, SEA said.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/indias-oil-meal-exports-up-19-pc-at-2-27-lakh-tonnes-in-july-sea/articleshow/93622665.cms>

India's silver imports to record high due to lift in investment demand

India's silver imports are set to triple in 2022 from a year ago to record highs after a dip in prices to 2-year lows spurred investors to bet that the metal was primed for a rebound and could outperform gold in the coming years. Higher demand in India, the world's biggest silver consumer, could support global prices. "Investment demand has been boosting imports," said Chirag Thakkar, CEO of Amrapali Group Gujarat, a leading silver importer. "Investors are anticipating poor man's gold will beat gold in coming years." In the first seven months of 2022, silver imports surged to 5,100 tonnes from just 110 tonnes during the same period a year ago, according to provisional data from Ministry of Commerce and Industry.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/metals-mining/indias-silver-imports-to-record-high-due-to-lift-in-investment-demands/articleshow/93612297.cms>