



August 30, 2022 – Tuesday

Economy

Recovery tracker: Workplace visits up 26%, vehicle registrations 2%

Multiple weekly economic activity indicators trended higher during the latest week. Workplace visits were 25.9 per cent higher than the baseline value for early 2020, before the pandemic took hold, shows data from search engine Google. It uses anonymised location data to track how people are moving during the pandemic. Retail and recreation visits were lower than the previous week. Grocery and pharmacy visits grew. People registered 395,000 vehicles. This is 2.1 per cent higher than the 386,000 vehicles registered in the same period in 2019. The number also showed a week-on-week increase. There were 293,000 vehicles registered in the previous week. The Indian Railways registered a 7.3 per cent increase in the quantity of goods carried. The amount of money it made from carrying these goods, called freight revenue, was up 16.1 per cent.

https://www.business-standard.com/article/economy-policy/recovery-tracker-workplace-visits-up-26-vehicle-registrations-2-122082900755_1.html

Bengaluru, Chennai, Hyderabad and Delhi top tech hubs in Asia Pacific after Beijing: Report

Bengaluru ranks second after Beijing on the list of top technology hubs in the Asia Pacific region, according to property consultant Cushman & Wakefield. In its latest report 'Tech Cities: The Global Intersection of Talent and Real Estate', the consultant has identified tech markets based on 14 criteria across talent, real estate, and business environment metrics. The report has identified "Bengaluru, Chennai, Hyderabad, and Delhi as the top technology hubs in the APAC region after Beijing", the consultant said in a statement. Bengaluru leads India with 2,30,813 tech job creation during the last fiscal, followed by Chennai with 1,12,781, Hyderabad with 1,03,032 and Delhi with 89,996 jobs. "The IT and tech-driven sectors remain the key driving force for the Indian economy," said Anshul Jain, MD, India & South East Asia. "The strong market fundamentals coupled with key policy changes have not only made India a favourable investment hub for global IT players, but also made it the most sought-after destination to find global tech talents and set footprints for further expansion," Jain said.

<https://www.financialexpress.com/industry/bengaluru-chennai-hyderabad-and-delhi-top-tech-hubs-in-asia-pacific-after-beijing-report/2648440/>

Banking and Finance

Sebi overhauls preferential allotment rules for REITs, InvITs

Sebi on Monday overhauled the pricing norms for preferential allotment of units by Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs). Under the new framework, the pricing formula for allotment of units under preferential issue would be the Volume-Weighted Average Price (VWAP) of weekly highs and lows for 90 trading days or 10 trading days, whichever is higher. At present, the pricing formula in a preferential allotment is the VWAP of the last two weeks or the last 26 weeks, whichever is higher. The preferential issue of units to "institutional investors" not exceeding five will have to be made at a price not less than the 10 trading days' VWAP of the related units quoted on a stock exchange preceding the relevant date, according to two separate circulars. The regulator said the preferential issue of units would not be made to any person who has sold or transferred any

units of the issuer during the 90 trading days preceding the relevant date. At the present, the limit is six months. In case any person belonging to the sponsor has sold or transferred their units of the issuer during the 90 days preceding the relevant date, all sponsors would be ineligible for allotment of units on the preferential basis.

<https://www.financialexpress.com/market/sebi-overhauls-preferential-allotment-rules-for-reits-invits/2648184/>

RBI may establish fraud registry to check bank frauds

The Reserve Bank of India is looking forward to establishing a fraud registry to compile a database of dubious websites, phones, and other digital fraud methods as part of its attempts to increase client safety. According to RBI executive director Anil Kumar Sharma, such a database will assist to stop these fraudsters from committing the same fraud because the websites or phone numbers will be blacklisted. "There is no definite timeline for setting up of the fraud registry. At present, we are talking to different stakeholders including different departments like payments and settlement and supervision of RBI," Sharma revealed. Users in the payment system will have access to this registry for almost real-time fraud monitoring. To inform clients about new hazards, the aggregated fraud data will be made public.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-may-establish-fraud-registry-to-check-bank-frauds/articleshow/93858552.cms>

65% of banks expect MSME NPAs to increase in second half of 2022: FICCI-IBA survey

The latest round of the bankers' survey by industry body FICCI and Indian Banks' Association (IBA) on Monday said 65 per cent of respondent banks expect non-performing assets (NPAs) in the MSME sector to increase in the second half of the current calendar year (July-December 2022). In comparison, 82 per cent of respondent banks in the previous survey (July-December 2021) had expected MSME NPA levels to rise in the first half of 2022. The latest survey recorded responses from 25 banks representing a mix of the public sector, private sector and foreign banks constituting about 76 per cent of the total banking asset size. However, in terms of the overall asset quality across sectors, the FICCI-IBA survey noted that over 50 per cent of respondents expect gross NPA levels to be below 8 per cent by the end of December 2022 while 33 per cent of respondents view gross NPA levels to be at 8-9 per cent. The reasons for the same included recovery of the economy from the Covid shock, higher credit growth, substantial deleveraging of corporate balance sheets, better performance of industry, healthy capital position, use of recovery agencies, and transfer of NPA accounts to National Asset Reconstruction Company Limited (NARCL).

<https://www.financialexpress.com/industry/sme/msme-fin-65-of-banks-expect-msme-npas-to-increase-in-second-half-of-2022-ficci-iba-survey/2648210/>

Govt to fast-track divestment of BEML and SCI

The Centre is likely to invite expressions of interest (EOIs) for the strategic disinvestment of BEML and Shipping Corporation of India (SCI) over the next few months, as it looks to speed up the privatisation of non-strategic state-run companies. The demerger of land and non-core assets of both companies, which has held up the stake-sale plans, is expected to be completed by October. "It is not only strategic divestment, the government is also looking to unlock value through stake sale in the secondary market," said an official aware of the details.

<https://economictimes.indiatimes.com/news/economy/finance/govt-to-fast-track-divestment-of-beml-and-sci/articleshow/93864763.cms>

States' borrowing cost continue to fall; eases 4 bps to 7.67%

States' borrowing cost fell for the second consecutive week on Monday, with the weighted average cut-off easing by 4 bps to 7.67 per cent from 7.71 per cent in the last auction when it slid by 7 bps. The yield on the benchmark 10-year G-secs also declined in the week by 4 bps to 7.23 per cent from 7.27 per cent last Tuesday, Icri Ratings said on Monday. The weighted average cut-off of the 10-year state debt also eased to 7.61 per cent at Monday's auctions from 7.66 per cent last week. Accordingly, the spread between the weighted average 10-year state debt and new 10-year G-secs yield mildly fell to 38 bps from 39 bps, the agency said. At Monday's auction, six states (Andhra, Bihar, Haryana, Kerala, Punjab and Tamil Nadu) raised Rs 14,000 crore, 43 per cent lower than Rs 24,500 crore initially indicated for this week. This was the third consecutive week of lower-than-indicated issuance since the release of the double tranche of tax devolution on August 10, (Rs 1.2 lakh crore) relative to the amount released in July 2022.

<https://economictimes.indiatimes.com/news/economy/finance/states-borrowing-cost-continue-to-fall-eases-4-bps-to-7-67/articleshow/93859866.cms>

Industry

ECLGS helped MSMEs start new trades as well apart from reviving, scaling business: Report

The Modi government's post-Covid flagship credit scheme for MSMEs Emergency Credit Line Guarantee Scheme (ECLGS) not only helped MSMEs to revive and scale their business but also enabled them to start new trades, said a new report by credit bureau TransUnion CIBIL on Monday. Over the course of four quarters since availing ECLGS, the average number of new trades opened per MSME borrower went up by 15 per cent compared to only 6 per cent for the eligible borrowers who didn't avail of the credit scheme, the ECLGS Insights Report said. Among the top beneficiaries, ECLGS helped revive contact-intensive sectors such as mobility and consumption-dependent sectors like services, traders, and construction, along with labour-intensive industries like textile and food processing. Traders had the highest share of 20.9 per cent in the disbursement amount followed by services businesses (19.2 per cent), textiles (8 per cent), food processing (5.7 per cent), construction (4.1 per cent), etc. Sectors with the lowest disbursement share were auto components, hospitality, paper and paper products, infrastructure, gems and jewellery, etc.

<https://www.financialexpress.com/industry/sme/msme-fin-eclgs-helped-msmes-start-new-trades-as-well-apart-from-reviving-scaling-business-report/2648468/>

High costs, rupee depreciation continue to haunt India Inc

High energy cost and supply chain disruptions continued to haunt India Inc even as topline of most companies posted a growth in the June quarter. A list of 620 companies (excluding financial sector entities) studied by ICRA Research have posted a revenue growth of 39 per cent year-on-year on a low base of the previous year, which was impacted by the second wave of the pandemic and the price hikes implemented across several sectors.

<https://www.thehindubusinessline.com/economy/high-costs-re-depreciation-continue-to-haunt-india-inc/article65826020.ece>

No plan to ban Chinese phones under ₹12k segment: MoS IT

The government has asked Chinese mobile companies to increase their exports from India and there is no proposal to ban the sale of handsets below ₹12,000 made by such firms, Union minister Rajeesh Chandrasekhar said on Monday. The Minister of State for Electronics and IT also said that Indian companies also have a role to play in the country's electronic ecosystem but it does not mean exclusion of foreign brands. "Only issue that we have raised and done very transparently with some of the Chinese brands is that we have said that our expectation is that they will do more exports.

<https://www.thehindubusinessline.com/companies/no-plan-to-ban-chinese-phones-under-12k-segment-mos-it/article65827319.ece>

Infrastructure

Rising costs have set down warehouse space inflows by at least two quarters following years of boom

The warehousing segment is facing headwinds after years of growth as rising costs have led to fresh space inflows being pushed out by at least two quarters. As a result, the delay in fresh inventory has led to increased rentals and land acquisition costs. And with rising interest rates, a slowdown in space uptake by companies—particularly e-commerce—due to the dampening of consumer demand, developers are seeking pre-commitments from occupiers. The warehousing segment has now joined other real estate segments, including residential, commercial and retail which are witnessing increased acquisition costs, leading to deferment of new units in some cases.

<https://economictimes.indiatimes.com/industry/services/property/-construction/rising-costs-have-set-down-warehouse-space-inflows-by-at-least-two-quarters-following-years-of-boom/articleshow/93861696.cms>

New ATF pricing method on cards; airlines eye relief

India may soon have a new mechanism to price air turbine fuel (ATF) for domestic airlines which will bring more parity between global crude price and ATF price in India. This, say airline executives, may take down the cost of ATF by at least 15% and will be a big boost for ailing Indian carriers for whom ATF consists of 40% of total cost of operations. ATF prices have seen more than 50% hike since January. Sources said that state-owned oil marketing

companies (OMC) - HPCL, BPCL and IOC - are likely to shift to a pricing mechanism based on global benchmark index like the MOPAG (Mean of Platts Arab Gulf). This, say airline executives will also bring more reliability and predictability in fuel pricing and allow them the cushion of hedging and control their output cost. OMCs are already selling ATF to international airlines based on MOPAG prices.

<https://economictimes.indiatimes.com/industry/transportation/airlines/-aviation/new-atf-pricing-method-on-cards-airlines-eye-relief/articleshow/93863630.cms>

States

Karnataka's Aerospace and Defence Policy aimed to attract investments of ₹45,000 cr in 5 years

The Government of Karnataka has announced the Karnataka Aerospace and Defence Policy 2022-27 to increase investments and establish Karnataka as the preferred investment destination for aerospace and defence manufacturing.

<https://www.thehindubusinessline.com/news/karnatakas-aerospace-and-defence-policy-aimed-to-attract-investments-of-45000-cr-in-5-years/article65826461.ece>

Healthcare

Govt to fix TMR on 139 drug formulations in 1st phase to lower prices

In a further step aimed at reducing prices of drugs, a list of 139 drug formulations against hypertension, diabetes, chronic ailments, among others have been identified on which trade margin rationalisation (TMR) is likely to be fixed, people in the know told ET. The government plans to fix TMR in a phased manner and has identified 139 formulations which include drugs like Remdesivir, Tocilizumab, influenza drugs, some patented drugs, among others. The list has been sent to the health minister Mansukh Mandaviya after it was vetted by various government bodies including the National Pharmaceutical Pricing Authority (NPPA), Central Drugs Standard Control Organisation (CDSCO), All India Institute of Medical Sciences (AIIMS), Directorate General of Health Services (DGHS). "A list was prepared by the Department of Pharmaceuticals (DoP) which went through changes after it was being vetted by various government bodies. A list of 139 formulations has not been submitted for consideration for TMR," said a senior official.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/healthcare/govt-to-fix-tmr-on-139-drug-formulations-in-1st-phase-to-lower-prices/articleshow/93863532.cmsV>

External

Govt working to avoid panic over rice with targeted curbs on export

India's potential clampdown on exports of broken rice shows the world's top shipper trying to thread the needle of cooling domestic inflation without causing global panic. The government is discussing curbs on broken rice exports, which account for a little under 20% of the country's shipments abroad. While such a move has the potential to further disrupt global crop markets and worsen a hunger crisis, the impact is less severe than if it were to restrict all rice exports. The potential restrictions on broken rice are unlikely to lead to a similar crisis to 2007-08, said Peter Timmer, Professor Emeritus at Harvard University, who worked with Asian governments on their policy responses during that crisis. "I actually think this is a very responsible way for India to act, and I doubt there will be much foreign criticism," he said.

https://www.business-standard.com/article/economy-policy/govt-working-to-avoid-panic-over-rice-with-targeted-curbs-on-export-122082900348_1.html

Bangladesh to import rice from Vietnam and India to replenish reserves

Bangladesh is finalising deals with Vietnam and India to import a total of 330,000 tonnes of rice as it races to replenish reserves and cool domestic prices, two officials with direct knowledge of the matter said on Monday. Soaring prices of the staple grain for the country's 165 million people pose a problem for the government, which plans to expand cut-price rice sales to help people hard-hit by high costs. The south Asian country will buy 100,000 tonnes of parboiled rice from an Indian public sector firm and 200,000 tonnes of parboiled rice and 30,000 tonnes of white rice from Vietnam, the government officials said.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/bangladesh-to-import-rice-from-vietnam-and-india-to-replenish-reserves/articleshow/93858999.cms>

Darjeeling planters seek anti-dumping duty on Nepal tea

Darjeeling tea producers have urged the government to impose anti-dumping duty on tea originating from Nepal, claiming that several traders are selling the cheaper Nepalese variety to unsuspecting consumers as genuine Darjeeling tea, which is slowing the recovery of their business. Planters of Darjeeling tea allege that several tea importers are passing on Nepalese tea as Darjeeling tea at much lower prices, causing huge losses to the tea estates in West Bengal's Darjeeling district. Some are also allegedly selling blends of the two teas as the world-famous Darjeeling variety.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/darjeeling-planters-seek-anti-dumping-duty-on-nepal-tea/articleshow/93862986.cms>