



September 05, 2022 – Monday

Economy

India's external debt of \$620-bn is 'sustainable': Finance Ministry report

India's external debt of \$620.7 billion, as at end of March 2022, is sustainable and is being managed in a prudent manner, the Department of Economic Affairs, under the Union Finance Ministry, said. In a recent report, the Department of Economic Affairs said the country's external debt continues to be sustainable and prudently managed. "As at end-March 2022, it stood at \$620.7 billion, growing by 8.2 per cent over the level a year ago. External debt as a ratio to GDP (gross domestic product) was 19.9 per cent, while reserves to external debt ratio was 97.8 per cent," the report said. The sovereign debt at \$130.7 billion rose higher by 17.1 per cent over its level a year ago, mainly because of additional allocation of special drawing rights (SDR) by the IMF during 2021-22.

https://www.business-standard.com/article/economy-policy/india-s-external-debt-of-620-bn-is-sustainable-finance-ministry-report-122090400691_1.html

Former RBI governor D Subbarao calls low Q1 GDP growth cause for concern

Former RBI governor D Subbarao on Sunday India's GDP growth of 13.5 per cent in the April-June quarter of 2022-23 has turned out to be a cause for 'disappointment and concern', as there was expectation of a bigger bounce back from the first quarter of last year when economic activity was crippled by the Delta wave of Covid-19. Subbarao added that risk factors for the country's growth outlook in the short term include high commodity prices, possibility of a global recession, monetary tightening by the RBI and an uneven monsoon that could threaten crop output, especially of rice. "The economy clocked growth of 13.5 per cent in the first quarter (April-June) of this fiscal year which would have been cause for celebration in any other circumstance. "In the event, it's turned out to be a cause for disappointment and even concern," PTI quoted Subbarao in an interview.

<https://economictimes.indiatimes.com/news/economy/indicators/former-rbi-governor-d-subbarao-calls-low-q1-gdp-growth-cause-for-concern/articleshow/93981628.cms>

Banking and Finance

Rupee trade settlement: Centre to hold talks with RBI, bank chiefs on Sep 7

Banks' apprehensions over the implementation of the RBI's recently formulated international rupee trade settlement mechanism will come in for an elaborate discussion in the capital on September 7. The Department of Financial Services (DFS) in the Finance Ministry has on this date convened an inter-ministerial meeting which will also be attended by RBI Deputy Governor T Rabi Shankar, besides chiefs of public sector banks, sources said. The main aim is to allay concerns on the implementation of this new mechanism, they added. Meanwhile, the lack of a proper mechanism to integrate the payment mechanisms between India and Russia seems to be impacting exports of tea and rice from the country.

<https://www.thehindubusinessline.com/economy/rupee-trade-settlement-centre-to-hold-talks-with-rbi-bank-chiefs-on-sep-7/article65850146.ece>

Vehicle loans back in demand, show robust growth

The demand for vehicle loans has been witnessing robust increase tiding over negative growth last year. As per Reserve Bank of India data, vehicle advances of commercial banks grew 18 per cent year-on-year at the end of June 2022. In the same period last year (June 2021), disbursal of vehicle loans declined by 3.5 per cent.

<https://www.thehindubusinessline.com/money-and-banking/vehicle-loans-back-in-demand-show-robust-growth/article65849310.ece>

24% jump in insolvency cases in wholesale, retail trade during Q1 FY23 from year-ago period: CareEdge

The number of cases admitted for Corporate Insolvency Resolution Process (CIRP) under the Insolvency and Bankruptcy Code (IBC), 2016 pertaining to wholesale and retail trade increased 24.8 per cent in the first quarter (April-June) of the current financial year from the year-ago period, according to the report by credit rating company CareEdge on Q1 FY23 insolvency cases. The share of the trading sector with 567 cases (from 454 in June 2021) in the total 5,636 insolvency cases during the first quarter stood at 10 per cent. The manufacturing sector (2,232 cases) accounted for the highest share at 40 per cent while real estate (1,160 cases) share was at 21 per cent, construction 622 (cases) at 11 per cent, and hotels & restaurants (121 cases) at 2 per cent, among top five sectors. While the number of CIRP cases increased each quarter since IBC's launch in 2016, a major portion of the cases was admitted over the last 12 quarters, indicating the rising acceptance of IBC as an effective debt resolution mechanism, the report noted. Moreover, even as the number of admitted cases jumped 23.5 per cent in Q1 FY23 from 4,565 cases in Q1 FY22, the number continued to be lower compared to earlier quarters in FY19 and FY20, it added.

<https://www.financialexpress.com/industry/sme/msme-eodb-24-jump-in-insolvency-cases-in-wholesale-retail-trade-during-q1-fy23-from-year-ago-period-careedge/2654885/>

PSU banks to open about 300 branches in unbanked areas by Dec 2022: Report

As part of the financial inclusion drive, public sector banks will open about 300 brick-and-mortar branches in the unbanked areas of various states by December 2022. These new branches will cover all remaining unbanked villages with a population of more than 3,000, according to sources. A Maximum number of 95 branches will be opened in Rajasthan followed by 54 in Madhya Pradesh. The public sector banks will open 38 branches in Gujarat, 33 in Maharashtra, 32 in Jharkhand and 31 in Uttar Pradesh. The progress with regard to the opening of branches in the rural areas was reviewed in the recent meeting of heads of public sector banks with the Financial Services Secretary last month. Banks have been asked to open branches at allocated locations by the respective State Level Bankers' Committee (SLBC) by December 2022, the sources said.

https://www.business-standard.com/article/economy-policy/psu-banks-to-open-about-300-branches-in-unbanked-areas-by-dec-2022-report-122090400423_1.html

EPFO backs raising retirement age to ease pressure on pension funds

The Employees' Provident Fund Organisation (EPFO) sees a case for substantially in increasing the retirement age in India and aligning it with life expectancy to ensure the viability of the pension system in the country and provide adequate retirement benefits. India is projected to become an ageing society by 2047 with an estimated 140 million people above the age of 60 years. This is expected to put immense pressure on the pension funds in the country. "Increasing the retirement age, going forward, could be considered in line with the experience of other countries and will be key to the viability of pension systems," EPFO said in its Vision 2047 document.

<https://economictimes.indiatimes.com/news/economy/policy/epfo-backs-raising-retirement-age-to-ease-pressure-on-pension-funds/articleshow/93989352.cms>

Industry

Govt considering PLI scheme for furniture sector

The government is considering a Production Linked Incentive (PLI) scheme for certain types of furniture to boost domestic manufacturing, and exports and create jobs in the sector, an official said. The proposal is at the discussion stage, the official added. The government has already rolled out the scheme with an outlay of about Rs 2 lakh crore for as many as 14 sectors, including automobiles and auto components, white goods, pharma, textiles, advance chemistry cell and speciality steel. The objective of the scheme is to make domestic manufacturing globally competitive and to create global champions in manufacturing. Discussions are on for the PLI scheme for moulded

furniture and toys, the official said. The toy industry has demanded an extension of the scheme for the sector as it would promote local manufacturing and create jobs.

<https://www.financialexpress.com/economy/govt-considering-pli-scheme-for-furniture-sector/g/2654665/>

Temp staff hiring on the rise as festival demand kicks in

With expectations of festival season demand to be back with a bang after two years of the Covid-19 pandemic, temp staff hiring is also anticipated to see a spike. As consumers return to in-store shopping, experts and industry players predict a sharp increase in temp staff hiring in segments such as FMCG, electronic goods retail stores, entertainment and hospitality, and also in e-commerce and logistics.

<https://www.thehindubusinessline.com/economy/temp-staff-hiring-on-the-rise-as-festival-demand-kicks-in/article65848772.ece>

Auto sector outlook positive, but recovery faces risks amid global inflation, possible semiconductor shortage

The Indian auto industry witnessed recovery in the past two months on account of arrival of monsoons, new model launches by the OEMs along with improvement in the availability of semiconductors. However, analysts see headwinds for the industry going ahead on account of global inflationary pressure, possible semi-conductor shortage. Care Ratings' analysts expect adequate rainfall across the country along with the festive season to keep the demand sentiment positive and help keep the momentum going. "OEMs are increasing their production and building up inventory ahead of the festival season. However, the third hike in repo rates by the Reserve Bank of India to restrain high inflation will make auto loans costlier. This may restrict the growth, especially in entry-level vehicle segments which have price-sensitive customers," they said. Meanwhile, domestic brokerage firm Sharekhan believes that the festive season is going to continue the growth momentum for the auto sector in India. Sharekhan analysts in a report said that positive sentiments and exciting new launches will keep growth momentum in the two-wheeler and personal vehicle (two- and four-wheelers) segments. Rural demand is expected to be driven by normal monsoon and government subsidies. The brokerage expects two-wheeler volumes to recover, especially in the entry and executive motorcycle segment, which has been sluggish lately and has started showing improvement in the previous months.

<https://www.financialexpress.com/industry/auto-sector-outlook-positive-but-recovery-faces-risks-amid-global-inflation-possible-semiconductor-shortage/2653177/>

Festive crowds sold on gold as rates dip 4% in a month to Rs 50,400/10 gm

A 4% fall in gold prices in the past month to about ₹50,400 per 10 gm has spurred gold sales ahead of the festive season, with major retailers such as Malabar Gold & Diamonds, Senco Gold & Diamonds and Joyalukkas witnessing increasing footfall since the last week of August. Gold purchase has picked up in Maharashtra on the occasion of Ganpati festival, with average purchases doubling to 20 gm, said jewellers. Gold rates have fallen in India on weak global cues. The market has reacted sharply to the US Federal Reserve chair Jerome Powell's statement that the central bank will continue its restrictive policy measures.

<https://economictimes.indiatimes.com/industry/cons-products/fashion/-/cosmetics/-/jewellery/festive-crowds-sold-on-gold-as-rates-dip-4-in-a-month-to-rs-50400/10-gm/articleshow/93991883.cms>

D2C brands continue to attract investments in the first five months of FY23

Even as funding has dried up for start-ups in general, investments in the direct-to-consumer (D2C) sector continue to flow in the first five months of this fiscal. D2C brands received a \$253.8 million investment during this period which is already 30 per cent of the total funding bagged in the whole of FY22. According to data sourced by BusinessLine from Tracxn, a market intelligence and analytics platform, D2C brands received \$796.8 million in investment in FY22 and \$363.3 million in FY21.

<https://www.thehindubusinessline.com/companies/d2c-brands-continue-to-attract-investments-in-the-first-five-months-of-fy23/article65836754.ece>

Agriculture

Imports to help ease pulses supplies despite shortfall in acreages

Despite the shortfall in the kharif pulses acreages, the easing of import policy and higher output in other geographies are expected to ensure adequate supplies in the festive season ahead. As of September 2, the kharif acreages are down by over four per cent at 129.55 lakh ha. "The outlook is not as bright in terms of sowing and the rains have been erratic posing a challenge. However, because of the easing in our import policy regime, I hope that adequate production in other geographies will help us overcome this crisis and the prices in the high demand season will not be excessively high," said Rohit Kumar Singh, Secretary, Ministry of Food and Consumer Affairs.

<https://www.thehindubusinessline.com/economy/agri-business/imports-to-help-ease-pulses-supplies-despite-shortfall-in-acreages/article65848584.ece>

Procedures fully followed for nano urea fertiliser approval: Govt

The government on Sunday said established procedures have been fully followed while provisionally approving nano urea based on encouraging field results and feedback from farm scientists at ICAR and state universities. In June 2021, cooperative IFFCO launched nano urea in liquid form as an alternative to conventional urea. It has set up manufacturing plants to produce nano urea and is also selling in the market. In a statement, the Chemicals and Fertilisers Ministry said: "It is clarified that the established and existing procedure for registration of any fertiliser for notification as per Fertiliser Control Order (FCO), 1985 has been fully accounted for".

<https://economictimes.indiatimes.com/industry/indl-goods/svs/chem-/fertilisers/procedures-fully-followed-for-nano-urea-fertiliser-approval-govt/articleshow/93987388.cms>

Infrastructure

Major rail factories miss production targets due to supply chain disruptions

Due to the supply chain disruptions caused by the Ukraine crisis major production units of Railways have missed their manufacturing targets of coaches, wheels, locomotives and other rolling stock for the first four months of this fiscal. According to documents accessed by news agency PTI, 'the manufacturing of these essential components was way below the proportionate target for the first four months of this fiscal.' In a review meeting chaired by Railway Board Chairman and CEO VK Tripathi with the general managers of the factories the issue of production shortfall till July 25 was raised.

<https://economictimes.indiatimes.com/industry/transportation/railways/ukraine-war-major-rail-factories-miss-production-targets-due-to-supply-chain-disruptions/articleshow/93980691.cms>

Energy

Nearly 25 GW solar projects in the lurch, say experts

At least 25 GW of solar power projects face delays or uncertainties due to an increase in module prices or supply constraints, according to industry officials. The cost pressures are significant for projects that quoted aggressive tariffs in Solar Energy Corp and GUVNL's 2020-21 auctions to win contracts. Subrahmanyam Pulipaka, CEO of the National Solar Energy Federation of India, said the tariff implication for these projects is Rs 0.5-0.8 per unit. "These projects should have either been commissioned or in advanced stages of construction by now," said an industry official.

<https://economictimes.indiatimes.com/industry/renewables/nearly-25-gw-solar-projects-in-the-lurch-say-experts/articleshow/93989762.cms>

Telecom

Telcos send mixed signals on spectrum assignment

While the Department of Telecommunications (DoT) looks to lay down a specific legal framework for spectrum assignment, major telecom operators stand divided with Reliance Jio proposing auction as the only way to allocate all kinds of airwaves, while Bharti Airtel wants only terrestrial access spectrum be auctioned and satellite and backhaul airwaves be granted administratively. Vodafone Idea wants all spectrum, apart from backhaul, be auctioned. All the telecom operators have given their comments as part of the consultation on devising a new legal framework to govern the telecommunications sector in the country. As per DoT officials, a draft document is being prepared to be shared for further comments from all stakeholders. "As per Airtel, spectrum for satellite and backhaul

purposes should be given administratively, while Vodafone Idea wants administrative allocation for backhaul airwaves and auction as the preferred way for access and satellite spectrum," said an official, on condition of anonymity.

<https://economictimes.indiatimes.com/industry/telecom/telcos-send-mixed-signals-on-spectrum-assignment/articleshow/93990131.cms>

Satellite industry body suggests govt to adopt international best practices for spectrum allocation

Satellite industry body SIA-India on Friday said that it has suggested the Department of Telecom (Dot) to adopt international best practices for spectrum allocation. SatCom Industry Association of India has made a submission in response to the DoT's decision to bring out a new legal framework for the telecom sector. SIA-India has submitted six points for consideration of the DoT that includes "Spectrum allocation must be based on International best practices"; encouraging all digital communication technologies without a preference for limited technologies; connectivity to the remotest corner of the country at affordable prices, for personal, enterprise and government use; flexibility and agility of regulatory framework to adapt to changing technology and services trend etc. "Hauling up the regulatory framework that is based on acts more than 100 years old to a newer version that relates to the latest technology, business and governance trends will, however, need a much more serious effort than the time allocated," SIA-India director general Anil Prakash said.

<https://www.financialexpress.com/industry/technology/satellite-industry-body-suggests-govt-to-adopt-international-best-practices-for-spectrum-allocation/2654861/>

External

Indian exports to China dip by a third in April-August to \$6.8 billion

Amid a slowdown in economic activity in China, India's exports to its northern neighbour dropped 35 per cent to \$6.8 billion during April-August period at a time the country's overall exports rose 17.1 per cent. China became India's fourth largest export destination during the period, slipping from the second position during the same period a year ago. While exports of petroleum products such as naphtha to China rose 81 per cent to \$1.2 billion during April-July due to elevated crude oil prices, shipments of organic chemicals (-38.3 per cent), iron ore (-78.5 per cent) and aluminium products (-84.2) saw sharp decline, disaggregated data available on Commerce Ministry website showed. However, China increased its imports of non-Basmati rice (141.1 per cent) and marine products (18.7 per cent) during the period. A cut in steel output in China has also led to sharp dip in iron ore exports from India. Multiple shocks have hit China's economy, including the drag on consumption from the zero-Covid policy, the prolonged impact of the property sector downturn and declining export demand, all of which have slowed down economic activity.

https://www.business-standard.com/article/economy-policy/indian-exports-to-china-dip-by-a-third-in-april-july-to-5-9-billion-122090400628_1.html

Indian traders continue to warm up to Russian steel imports

India is emerging as one of the larger importers of Russian steel over the last few months. Cheaper offerings over Indian-finished steel has been the prime draw for traders. Orders of around 300,000 tonnes of steel have been placed with most of the deliveries scheduled in September. According to trade sources, 157,000 tonnes of imports were made by August-end, mostly by secondary steel traders. And, at least, another 150,000 tonne of steel shipment are currently on high seas.

<https://www.thehindubusinessline.com/economy/indian-traders-continue-to-warm-up-to-russian-steel-imports/article65845069.ece>

Ethiopia, Bangladesh, UAE amongst recipients of 3.5 lakh tonnes of G2G wheat exports since ban

Ethiopia, Israel, Bangladesh, UAE and Bhutan are amongst the recipients of the 3.5 lakh tonnes of wheat exported by India on a government-to-government (G2G) basis since a ban on its exports was imposed in May this year following concerns about a domestic spike in prices and possible shortages.

<https://www.thehindubusinessline.com/economy/ethiopia-bangladesh-uae-amongst-recipients-of-35-lakh-tonnes-of-g2g-wheat-exports-since-ban/article65848897.ece>