



September 06, 2022 – Tuesday

## Economy

### India services PMI accelerates from 4-month low to 57.2 in August on uptick in business activity, employment

India's Services PMI rose to 57.2 in August from July's 4-month low of 55.5, on stronger expansion in new work intakes, upturn in business activity, and the sharpest rise in employment for over 14 years. The seasonally adjusted S&P Global India Services PMI Business Activity Index came in at 57.2, highlighting a rebound in growth. S&P Global, in a report, said that amid reports of favourable demand conditions and successful advertising, there was a further increase in new business placed with services firms during August. The rate of expansion was sharp and quickened from July. "Indian services activity rose strongly midway through the second fiscal quarter, with the pace of expansion recovering some of the ground lost in July. The pick-up in growth stemmed from a rebound in new business gains as firms continued to benefit from the lifting of COVID-19 restrictions and ongoing marketing efforts," Pollyanna De Lima, Economics Associate Director at S&P Global Market Intelligence, said. S&P Global added that services companies expect output growth over the coming 12 months, with sentiment rising to its highest level in over four years. Optimism was centered on forecasts of ongoing improvements in demand and planned marketing. At the sub-sector level, there were quicker increases in new business and output in Transport, Information & Communication and Finance & Insurance. The latter outperformed all categories on both fronts. August data highlighted another increase in the operating expenses faced by services companies, with panelists often mentioning higher food, fuel and labour costs. That said, the overall rate of inflation softened to an 11-month low.

<https://www.financialexpress.com/economy/india-services-pmi-accelerates-from-4-month-low-to-57-2-in-august-on-uptick-in-business-activity-employment/2655468/>

### Festive season to drive consumer spending: 48% will shop more during 2022 festive season vs 2021, says Axis survey

With consumer sentiments improving across key sub-indices like essential and discretionary products and increased mobility, September analysis by Axis My India said that 48 per cent of consumers tend to shop more during the festive season as compared to the rest of the year. It also revealed that 20 per cent of the consumers plan to shop more this festive season in comparison to last year while 32 per cent plan to shop the same as the previous year. The data intelligence company surveyed 10014 people with 68 per cent from rural India and 32 per cent from urban areas. In terms of age of the sample groups, 32 per cent of them were in the age group of 36- 50 years old, while 31 per cent reflect the age group of 26- 35 years. "After compromising past two festive seasons to the pandemic and its related constraints, this year consumers are expected to shop more during festivities," said Pradeep Gupta, Chairman & MD, Axis My India. The September net Consumer Sentiment Index (CSI) calculated by percentage increase minus percentage decrease in sentiment, is at +10, from +9 last month reflecting an increase/decrease by 1 point.

<https://www.financialexpress.com/industry/festive-season-to-drive-consumer-spending-48-will-shop-more-during-2022-festive-season-vs-2021-says-axis-survey/2655710/>

### Centre's policies making India a much more attractive market, says HSBC's Noel Quinn

The Indian economy is progressively getting unlocked because of digitisation and simpler tax structure and is poised to reap the benefits of "re-globalisation" that is underway as companies alter supply lines to face the new

geopolitical realities, said Noel Quinn, Group CEO of HSBC. "India is progressively getting unlocked. India has all of the raw material that it needs because it's got significant supply of labour in order to be a supplier to the world," he said. The world's fifth largest economy has improved over the years in terms of ease of doing business as bureaucratic red tape has lessened and many reforms such as the goods and services tax has made compliance easier.

<https://economictimes.indiatimes.com/news/economy/indicators/centres-policies-making-india-a-much-more-attractive-market-says-hsbcs-noel-quinn/articleshow/94013665.cms>

## Banking and Finance

### India committed to privatisation, bank reforms; repositioning economy amid global challenges: FM Sitharaman

India is the fastest growing economy despite global headwinds, and it is aiming to drive global growth as well, Finance Minister Nirmala Sitharaman said today. Sitharaman emphasised that after the pandemic, India is repositioning its economy amid new global challenges and that the government is focused on bringing economic stability amid the new world order. According to Sitharaman, the reset of the Indian economy aims at promoting technology driven industries. "India will have to reset a lot of things to become a developed nation by 2047, and the biggest tools will be digitisation, education & infrastructure," she said in her address at an event today. The government is committed to its intent to privatise PSU enterprises and push banking sector reforms, said Sitharaman. "The initial public offering of Life Insurance Corporation of India has shown that the government is committed to the process of disinvestment. The government will go ahead with the banking sector reforms as well," she added. Note that the central government had proposed privatisation of two PSU banks along with one general insurance company in the 2021-22 Budget. It also unveiled a public sector enterprise policy aimed at reducing the presence of government in running businesses.

<https://www.financialexpress.com/economy/india-committed-to-privatisation-bank-reforms-repositioning-economy-amid-global-challenges-fm-sitharaman/2655677/>

### RBI data hint at strong consumption revival

Despite being a seasonally weak period, August payments data from the Reserve Bank of India (RBI) set new records, pointing to a strong revival in consumption. The Unified Payments Interface (UPI) platform processed transactions worth more than ₹10.73 lakh crore in August, up 68% from the year earlier. Outstanding credit card loans continued their rise toward ₹2 lakh crore - they are currently at ₹1.62 lakh crore - pointing to a bumper festive period. Mass retail payments platform UPI processed 6.57 billion transactions, up 85% from the year earlier. "Since April this year, we have been witnessing a steady rise in both credit card issuance as well as spends," said Anurag Sinha, cofounder and CEO, OneCard. "Besides, economic revival and growing consumer confidence, the rising share of ecommerce transactions, primarily steered by sale season and seasonal offers across product categories, has resulted in a sharp uptick in credit card spends."

<https://economictimes.indiatimes.com/news/economy/indicators/rbi-data-hint-at-strong-consumption-revival/articleshow/94013739.cms>

### Banking system healthy enough to withstand external headwinds: RBI Governor

The banking system is healthy enough to withstand any negative spillovers from external headwinds emanating from the Jackson Hole speech by the US Fed, Reserve Bank Governor Shaktikanta Das said on Monday. Addressing the annual gathering of the Fixed Income Money Market and Derivatives Association of India (Fimmda), the governor said, the central bank and government have taken enough measures, such as maintaining high forex reserves (USD 561 billion as of August 26) and other steps to keep the banking system healthy enough to withstand any external headwinds. Since the Jackson Hole summit last week, markets all over the world have become extremely volatile and uncertain with highly destabilising effects on emerging markets, Das said but pointed out that these aforementioned measures have ensured that the health of our banking system is sound enough to weather any negative spillovers from external headwinds.

[https://www.business-standard.com/article/finance/rbi-governor-says-aiming-to-prevent-excessive-volatility-in-exchange-rate-122090501171\\_1.html](https://www.business-standard.com/article/finance/rbi-governor-says-aiming-to-prevent-excessive-volatility-in-exchange-rate-122090501171_1.html)

## Industry

### **MCA extends Company Law Committee tenure by one more year**

The Corporate Affairs Ministry (MCA) has extended by one more year the tenure of the existing Company Law Committee (CLC) that was set up in September 2019 to promote Ease of Living in the country by providing Ease of Doing Business to law abiding corporates and fostering improved corporate compliance for stakeholders at large. The tenure of the existing CLC has now been extended by one more year up to September 16, 2023, official sources said. Earlier, the CLC got tenure extensions in September 2020, September 2021 and now September 2022. It may be recalled that MCA had on September 18, 2019, set up the 11-member CLC under the Chairmanship of the MCA Secretary for making recommendations to the government on various provisions and issues pertaining to the implementation of the Companies Act 2013 and the Limited Liability Partnership Act 2008.

<https://www.thehindubusinessline.com/economy/policy/mca-extends-company-law-committee-tenure-by-one-more-year/article65854156.ece>

### **With resurgence in dine-in, restaurant chains' expansion plans back on track**

With dine-in witnessing strong resurgence, the expansion plans of restaurant chains are back on track. The industry, which was hit hard during the past two years due to the pandemic, has been witnessing a wave of "revenge consumption" in the past few months, enabling them to plan aggressive expansion. The pandemic had particularly hit the casual dining and fine-dining restaurants segment hard. However, many players in these segments, are now back to pre-pandemic levels in terms of revenues. Priyank Sukhija, MD & CEO, First Fiddle Restaurants, which runs over 30 restaurants, said: "The Covid hit the entire hospitality sector hard, but we're making efforts to negate the losses and expand rapidly to meet the demand generated through what I like to call, 'revenge partying'."

<https://www.thehindubusinessline.com/economy/with-resurgence-in-dine-in-restaurant-chains-expansion-plans-back-on-track/article65854003.ece>

## **Agriculture**

### **Govt should aim to buy targeted quantity of pulses**

Low procurement of pulses, not even one per cent of target in case of urad, is unlikely to ensure minimum support price (MSP) for the farmers. Data collected by BusinessLine shows that pulse procurement is low and the Union Cabinet's decision last week to raise procurement limit may remain 'on paper' unless there is a clear policy on "procurement and disposal", experts said. The Union Cabinet last week raised procurement limit of tur (pigeon peas), urad (black gram) and masur (luntil) to 40 per cent from 25 per cent of production. Data gathered by BusinessLine show that only 0.7 per cent of sanctioned 2.25 lakh tonne (lt) of urad and 5.2 per cent of 7.1 lt of tur could be procured from last year's crop by the Centre through its agencies — Nafed and Food Corporation of India (FCI). Moong was slightly better, 16 per cent of 4.7 lt (sanctioned quantity) could be purchased. Data also show that mandi prices (all India average) were 5-16 per cent below MSPs during the procurement period.

<https://www.thehindubusinessline.com/economy/agri-business/govt-should-aim-to-buy-targeted-quantity-of-pulses/article65853849.ece>

### **Trade sees India's cotton crop touching 375 lakh bales for 2022-23**

India's cotton output for the season 2022-23 is likely to touch 375 lakh bales (each of 170 kg), given no climatic adversities affect the crop during October, trade sources said. This higher crop is expected to bring down the prices from record high levels of nearly ₹1 lakh per candy (each of 356 kg) in May-June 2022. Thanks to about eight per cent rise in acreage, a seemingly good crop coupled with a demand slowdown in the cotton value-chain — yarn and garments — may cause supply pressure thereby triggering a downward price trend by end of this year. Cotton area is estimated at 126 lakh hectares till September 2 — up 8-9 per cent from 117 lakh hectares last year.

<https://www.thehindubusinessline.com/economy/agri-business/trade-sees-indias-cotton-crop-touching-375-lakh-bales-for-2022-23/article65853855.ece>

### **Maharashtra sugar mills seek export policy for next season**

West Indian Sugar Mills Association (Wisma), a body of sugar millers in Maharashtra, has urged the central government to announce export policy for the next sugar year starting October 1, saying this will help millers sign forward contracts for raw sugar exports. In a letter to food and public distribution minister Piyush Goyal, Wisma said

announcing the 2022-23 sugar export policy in September will allow sugar mills to enter forward contracts and avoid a glut in the domestic market as the industry is expecting record production in the new season.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/maharashtra-sugar-mills-seek-export-policy-for-next-season/articleshow/94012881.cms>

## Infrastructure

### Railways records best ever August freight loading of 119.32 MT this month

Indian Railways on Monday claimed to have recorded the best ever August Monthly freight loading of 119.32 MT in the month. The incremental loading in the month of August has been 8.69 MT and witnessed a growth of 7.86 per cent over the previous best August figures achieved in 2021, the Railways said in a statement. With this, Indian Railways has had 24 straight months of best ever monthly freight loading and it has achieved an incremental loading of 9.2 MT in coal, followed by 0.71 MT in fertilizer, 0.68 MT in balance other goods and 0.62 MT containers. Increase in automobile loading has been another highlight of freight business in FY 2022-23 and 2206 rakes have been loaded in FY 2022-23 till August as compared to 1,314 rakes during the same period of last year i.e. a growth of 68 per cent. According to the statement, the cumulative freight loading from April 1, 2022 to August 31, has been 620.87 MT as against 562.75 MT achieved in 2021-22 i.e. an incremental loading of 58.11 MT, with a growth of 10.32 per cent over the same period last year. The freight NTKMs (Net tonne kilometers) have increased from 63 Billion in August '21 to 73 Billion in August'22 registering a growth of 16 per cent. The cumulative NTKMs in the first five months have also grown by 18.29 per cent.

[https://www.business-standard.com/article/economy-policy/railways-records-best-ever-august-freight-loading-of-119-32-mt-this-month-122090500548\\_1.html](https://www.business-standard.com/article/economy-policy/railways-records-best-ever-august-freight-loading-of-119-32-mt-this-month-122090500548_1.html)

### Indian railways earn Rs 844 cr in 3 months from e-auction of assets

The railways has earned Rs 844 crore in the last three months, since it brought its commercial earning and non-fare revenue contracts online, with contracts for advertisement on its premises, for parking lots, leasing parcel space and pay-and-use toilets emerging as the top revenue-generating assets. In a boost for small entrepreneurs and start-ups, Railway Minister Ashwini Vaishnaw had launched e-auction for commercial earnings in June, a project enabling a quick finalisation of contracts and a quick re-award in case of failure of any contract. With the bidding process being online, there is no geographical restriction on the bidders and applicants for registration and participation in any e-auction throughout the Indian Railways. Also, the Railway Ministry has relaxed the eligibility criteria.

[https://www.business-standard.com/article/economy-policy/indian-railways-earn-rs-844-cr-in-3-months-from-e-auction-of-assets-122090500963\\_1.html](https://www.business-standard.com/article/economy-policy/indian-railways-earn-rs-844-cr-in-3-months-from-e-auction-of-assets-122090500963_1.html)

### Aviation ministry pushes to increase airlines' loan limit under ECLGS

Alarmed by the weak financial state of Indian airlines, the civil aviation ministry is pushing to enhance the credit limit to them under the government's Emergency Credit Line Guarantee Scheme (ECLGS). Civil aviation secretary Rajiv Bansal last week wrote to the finance ministry, asking that under the scheme, airlines be allowed to avail of additional debt of up to 100% of their outstanding credit, subject to a cap of Rs 1,500 crore. Reasoning why an enhanced credit line is important for airlines, Bansal said an unprecedented rise in jet fuel price and devaluation of the rupee against the dollar had increased their operating cost.

<https://economictimes.indiatimes.com/industry/transportation/airlines/-aviation/aviation-ministry-pushes-to-increase-airlines-loan-limit-under-eclgs/articleshow/94011158.cms>

## Telecom

### Inter-ministerial efforts in developing 5G use cases makes headway

The Department of Telecommunications' initiative to explore 5G use cases with 14 Indian ministries is making headway. Eight of the fourteen ministries part of the DoT's interministerial committee have identified educational institutions which will become centres of excellence and take forward engagement with the industry to develop vertical-specific use cases in 5G. BusinessLine also learned from sources in the DoT that telecom service providers, system integrators and other indigenous network solution providers will be demonstrating 5G use cases to the

ministries and potentially the Prime Minister at the India Mobile Congress, the country's flagship event on telecommunications in October.

<https://www.thehindubusinessline.com/info-tech/inter-ministerial-efforts-in-developing-5g-use-cases-makes-headway/article65853418.ece>

## States

### Chhattisgarh's first ethanol plant to come up in Kabirdham district

Chhattisgarh's first ethanol plant will be constructed near Boramdev Cooperative Sugar Factory in Kabirdham district. The district administration has identified 35 acres of vacant land adjacent to the factory for setting up the plant. Implementation of the project has been accelerated after Chief Minister Bhupesh Baghel said he would include the agriculture-based ethanol plant as one of the priority schemes of his government. The plant will have a capacity of 80 kilo litres per day (KLPD). The Chhattisgarh government has decided to involve private players for financial and technical participation in the project to strengthen the state's economy. The state's first ethanol plant will be set up under the public-private-partnership (PPP) model.

[https://www.business-standard.com/article/economy-policy/chhattisgarh-s-first-ethanol-plant-to-come-up-in-kabirdham-district-122090501091\\_1.html](https://www.business-standard.com/article/economy-policy/chhattisgarh-s-first-ethanol-plant-to-come-up-in-kabirdham-district-122090501091_1.html)

### UP govt to formulate township policy before global investor summit

Taking cognizance of the Noida twin towers, which were demolished last month on the apex court's order over flagrant violation of norms, the Uttar Pradesh government is drafting a fresh township policy to serve the real estate sector and attract private investment. The proposed policy is likely to be ready by month-end to ensure its implementation before the mega UP global investor summit in January 2023. The state government is targeting to garner investment worth Rs 10 trillion.

[https://www.business-standard.com/article/current-affairs/up-govt-to-formulate-township-policy-before-global-investor-summit-122090500916\\_1.html](https://www.business-standard.com/article/current-affairs/up-govt-to-formulate-township-policy-before-global-investor-summit-122090500916_1.html)

## Healthcare

### Indian pharma market grew 12.1% in August, AWACS report

Indian pharmaceutical market (IPM) grew 12.1% in value and 4.8% in volumes, in the month of August on back of strong growth across all the therapy areas, according to market research firm AWACS. IPM saw sales of Rs 16,239 crore during August. The wholesale price index (WPI) inflation linked price hike allowed by the government has helped the pharma industry to increase by 10% on drugs under price control, along with monsoon linked infectious diseases.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals/indian-pharma-market-grew-12-1-in-august-awacs-report/articleshow/94008751.cms>

## External

### India seeks supply surety before any talks on Russia cap

India will consider backing the US-proposed price cap on Russian crude only if supplies from countries such as Venezuela and Iran are assured. Given its dependence on imported crude, India cannot accept a situation in which open market prices rise because of uncertain and restricted supplies, while a limit is imposed on cheaper sources, people aware of the matter told ET. "How can discussion on cap happen when supply sources are restricted?" a government official said. "You can talk about a cap after Venezuela and Iran supplies are available in the market." US deputy treasury secretary Wally Adeyemo, who was in India late last month, said the Biden administration has invited India to join the Russia oil price cap coalition to reduce Moscow's earnings from crude.

<https://economictimes.indiatimes.com/news/india/india-seeks-supply-surety-before-any-talks-on-russia-cap/articleshow/94013629.cms>

### India's trade deficit eases in Aug, still unsustainably high, likely to raise financing concerns: Barclays

India's trade deficit more than doubled in August to \$28.68 billion as against \$11.71 billion in the corresponding month of last year amid inflation and global geopolitical tensions. While sequentially it has moderated from a record high of \$30 billion in July, it still remains unsustainably high, according to Barclays. Exports have weakened further in August to \$33 billion, from the \$40.1 billion and \$36.3 billion registered in June and July, respectively, while stronger domestic demand kept the import bill elevated at \$61.7 billion, though down from \$66.3 billion in July, analysts at Barclays noted. "Though the August print marks a moderation from July's record trade deficit of \$30.0 billion, the deficit remains at unsustainably high levels, and is likely to raise financing concerns," they said. With the trade deficit staying at uncomfortably elevated levels, Barclays acknowledged upside risk to its current account deficit forecasts, despite the recent fall in commodity prices. At present, it forecasts India's current account deficit will rise to \$115 billion (3.3% of GDP) in FY22-23, but the risks seem skewed toward a potentially larger deficit. "Some mitigating relief may come from falling commodity prices, but at present, the underlying risks point to the goods trade deficit being much larger than our expectation of USD265bn, which poses risks to our current account deficit forecast," it said.

<https://www.financialexpress.com/economy/indias-trade-deficit-eases-in-aug-still-unsustainably-high-likely-to-raise-financing-concerns-barclays/2655921/>

#### **Tea exports during current first half rises to 96.89 million kg**

Exports of tea during the first six months January to June 2022 has increased to 96.89 million kg as compared to 86.46 million kg in the similar previous period. According to Tea Board data, the largest importer traditionally has been the CIS block where exports had slightly fallen to 20.58 million kg during the current six months against 21.04 million kg in the previous period of 2021. Among the CIS block, Russia has been the major importer which stood at 14.76 million kg as compared to 15.88 million kg in the similar previous period. After CIS, UAE has been the major importer at 15.86 million kg during the current first six months as against 6.76 million kg in the previous similar period.

<https://www.financialexpress.com/economy/tea-exports-during-current-first-half-rises-to-96-89-million-kg/2656159/>