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Economy

India's urban unemployment rate improves across genders, says NSO

India's urban unemployment rate improved remarkably in the April-June quarter, revealed the National Statistical Office. It dipped to 7.6 per cent during the April-June quarter from 12.6 per cent during the corresponding quarter a year ago. It is a clear indication that the country's economy is coming out the grip of Covid-induced slowdown. India's urban unemployment rate improved across genders and age groups to its best-ever level in the quarter ending June 2022. India's headline urban unemployment rate was 7.6 per cent in the quarter ending June, compared to 8.2 per cent in the quarter ending March, 12.7 per cent in the June quarter of 2021-22, and 8.9 per cent in the June quarter of 2019-20. Joblessness was high in April-June 2021 mainly due to the staggering impact of Covid-related restrictions in the country.

https://www.business-standard.com/article/economy-policy/india-s-urban-unemployment-rate-improves-across-genders-says-nso-122090600790_1.html

Govt constitutes 47-member panel for drafting National Cooperation Policy document

The government on Tuesday announced the constitution of a 47-member committee headed by former union cabinet minister Suresh Prabhakar Prabhu, for drafting the National Cooperation Policy document. The new National Cooperative Policy is being formulated to realise the government's vision of 'Sahakar Se Samridhi', the Ministry of Cooperation said in a statement. The constitution of the committee was announced by the Union Home and Cooperation Minister Amit Shah. "The Committee comprises experts of the cooperative sector; representatives of national/state/district and primary cooperative societies; secretaries (cooperation) and registrars of cooperative societies of states/UTs; and officers from central ministries / departments," it said.

<https://www.financialexpress.com/economy/govt-constitutes-47-member-panel-for-drafting-national-cooperation-policy-document/2656993/>

Indian economy may grow at 6.4% in FY23, slowdown looms; easing energy shock may mitigate downside

Despite recession fears looming globally, the Indian economy grew at 13.5% in Q1FY23. Some economists believe that at this rate, India is likely to be the fastest growing economy in the current fiscal. However, analysts at Edelweiss Securities expect the global downturn to hamper India's growth as well. The brokerage in its report said domestic slowdown looms as macro vulnerability risks give way to demand, profitability concerns. Faltering exports, credit/capex growth stalling, organised businesses seeing a bigger hit than MSMEs could also slow down the pace of growth. As RBI is forced to tighten monetary policy in an incomplete recovery; analysts expect the repo rate to peak under 6% which may dampen growth. The brokerage and research firm estimated India's FY23 GDP growth at 6.4%.

<https://www.financialexpress.com/economy/indian-economy-may-grow-at-6-4-in-fy23-slowdown-looms-easing-energy-shock-may-mitigate-downside/2656884/>

India CPI inflation may firm up to 6.75-6.9% in August despite input pressure easing; here's what may hurt

India's CPI inflation may have firmed up in August against July, as food price rise may offset easing input price pressures from petroleum products and gold. Deutsche Bank estimates that India's consumer price index (CPI) firmed to 6.9 per cent on year last month, while core inflation likely stood at 6%. India will release consumer price

index (CPI) inflation data on Monday, 12 September 2022. Analysts at Nirmal Bang see August CPI inflation at 6.75 per cent, largely unchanged from 6.71 per cent in July. According to RBI's assessment, inflation peaked in India at 7.79 per cent in April and is now on a downward track. Deutsche Bank noted that while Brent crude oil prices have recorded a steep decline in recent weeks, the favourable impact will be less reflected in the CPI inflation number as fuel items account for a very small weight. Meanwhile, the risks to food inflation persist with negative seasonality kicking in for the September-November period, the bank said, Deutsche Bank said. Last week, RBI governor Shaktikanta Das said in a TV interview, that even though CPI inflation will map a downward trajectory in the coming months, it will not be a smooth slide, and there may be some bumps along the way. Das emphasised that inflation in India may continue to ease as crude, food and commodity prices have softened.

<https://www.financialexpress.com/economy/india-cpi-inflation-may-firm-up-to-6-75-6-9-in-august-despite-input-pressure-easing-heres-what-may-hurt/2656859/>

Banking and Finance

Centre releases revenue deficit grant of Rs 7,183 cr to 14 states

The Union Finance Ministry on Tuesday released the sixth monthly instalment of Post Devolution Revenue Deficit (PDRD) grant of Rs 7,183.42 crore to 14 states. The grant has been released as per the recommendations of the 15th Finance Commission. The Commission has recommended a total PDRD grant of Rs 86,201 crore to 14 states for 2022-23. The recommended grant is released by the Department of Expenditure in 12 equated monthly instalments. With the release of sixth instalment for September, the total amount of grant released to the states in 2022-23 has gone up to Rs 43,100.50 crore.

https://www.business-standard.com/article/economy-policy/centre-releases-revenue-deficit-grant-of-rs-7-183-cr-to-14-states-122090600738_1.html

States' borrowing cost eases for third week in a row, dips to 7.52%

States breathed easy in the debt market as the average cut-off on their market borrowings dipped sharply to 7.52 per cent, down 15 basis points from last week to the lowest level since mid-May. This is the third consecutive week of falling cut-off, as in the last two sessions the cost has come down by 10 basis points (bps). Last week the yield declined by 7 bps to 7.67 per cent. At the weekly auction of State Development Loans (SDLs) on Tuesday, six states raised Rs 5,900 crore, which is nearly 54 per cent lower than indicated in their borrowing calendar for the week, Icria Ratings said in a note. The weighted average cut-off eased sharply by 15 bps to 7.52 per cent at Tuesday's auctions. Similarly, there was also a decline in the weighted average tenor of the securities, the agency said.

https://www.business-standard.com/article/economy-policy/states-borrowing-cost-eases-for-third-week-in-a-row-dips-to-7-52-122090600865_1.html

EPFO weighs offering age, risk profile-based investment options

The Employees' Provident Fund Organisation (EPFO) is considering offering age-based and risk profile-based investment options to its provident fund and pension scheme subscribers. Once this option is made available, EPFO would invest a higher percentage in equity for the younger subscribers to deliver higher returns while those nearing retirement would be largely invested in safe debt. The proposal is part of the EPFO's long-term roadmap for expanding its investment portfolio and earning higher returns for subscribers.

<https://economictimes.indiatimes.com/news/economy/policy/epfo-weighs-offering-age-risk-profile-based-investment-options/articleshow/94036459.cms>

Industry

Electronics companies plan big festive offers to revive demand

Consumers planning to buy consumer electronics and smartphones this festive season may be spoilt for choice with top brands lining up their highest spending on consumer offers, discounts and promotions to revive demand and clear inventory. Company executives said they are increasing the spend to drive demand that slowed down this year unlike last two years when supplies were a challenge, while for smartphones it is also to clear out 4G smartphones with 5G models to prepare for the launch of 5G services next quarter. Realme on Tuesday announced it will offer discounts worth ₹700 crore for the entire festive season across channels, as compared to ₹500 crore spent last year.

Industry executives said Samsung and Xiaomi too are going to substantially increase spending over last year with cutthroat competition in the mobile phone market. Samsung and Xiaomi did not respond to emails.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/electronics-companies-plan-big-festive-offers-to-revive-demand/articleshow/94037050.cms>

Final call on PLI Scheme for mobile makers on September 9

The much-delayed incentives under the production-linked incentive (PLI) scheme for mobile manufacturers is set to be released, giving huge relief to the likes of Samsung and Dixon Technologies. The empowered group is scheduled to meet on September 9 to take a final call on the submissions of the selected companies, officials said. As per officials in the Ministry of Electronics and IT (Meity), so far Indian contract manufacturer Dixon and Korean major Samsung have submitted the paperwork around production targets while others including Apple contract manufacturers Hon Hai (Foxconn) and Wistron are in the process. "Those who have submitted the claims, will be given the incentives after approval from the empowered group," said an official.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/final-call-on-pli-scheme-for-mobile-makers-on-september-9/articleshow/94036405.cms>

Infrastructure

NHAI toll revenue to soar to Rs 1.40 lakh crores in three years: Nitin Gadkari

Toll income of the National Highway of India (NHAI) is going to more than triple in the next three years to over Rs 1.40 lakh crores annually according to Transport Minister Nitin Gadkari. Speaking at the India Ideas Summit organised by the US-India Business Council, he also said that there are various models available for investment in Indian roads. "From the United States, a lot of investors are investing in NHAI, our rating is AAA and toll income is Rs 40,000 crores per year. By the end of 2024, it will be Rs 1.40 lakh crores per year," he said. Highlight the investment models available for road infrastructure, Gadkari spoke about monetising plans for the road. He listed Build Operate Transfer (BOT), Hybrid Annuity, and Infrastructure Investment Trust (InVIT) models.

<https://economictimes.indiatimes.com/industry/transportation/roadways/nhai-toll-revenue-to-soar-to-rs-1-40-trillion-in-three-years-nitin-gadkari/articleshow/94035188.cms>

Energy

India gives coal-fired plants extra 2 years to install emissions equipment

India extended a deadline for coal-fired power plants to install equipment to cut sulphur emissions by two years, the government said in a notification on Tuesday, marking the third push back on a commitment to clean up dirty air. Indian cities have some of the world's most polluted air. Thermal utilities, which produce 75% of the country's power, account for some 80% of industrial emissions of sulphur- and nitrous-oxides, which cause lung diseases, acid rain and smog. India had initially set a 2017 deadline for thermal power plants to install flue gas desulphurisation (FGD) units to cut sulphur emissions. That was later changed to varying deadlines for different regions, ending in 2022, and further extended last year to a period ending 2025. The order on Tuesday said power plants will be forcibly retired if they do not comply to norms on sulphur emissions by end-2027.

https://www.business-standard.com/article/economy-policy/india-gives-coal-fired-plants-extra-2-years-to-install-emissions-equipment-122090600711_1.html

Coal production increases by 8.2% y-o-y in August to 58.33 mn tonnes

Coal output in India rose to 58.33 million tonnes in August 2022, up by 8.2 per cent from the 53.88 million tonnes recorded in the corresponding period of last year. According to Coal Ministry data, Coal India Limited (CIL) as well as other captive mines recorded a growth of 8.49 and 27.06 per cent respectively by producing 46.22 million tonnes and 8.02 million tonnes, respectively. Coal dispatch went up by 5.41 per cent to 63.43 million tonnes in August 2022 compared to 60.18 million tonnes recorded in August 2021. In August 2022, CIL and other captive mines registered a growth of 5.11 per cent and 26.29 per cent by dispatching 51.12 million tonnes and 8.28 million tonnes of coal, respectively.

https://www.business-standard.com/article/economy-policy/coal-production-increases-by-8-2-y-o-y-in-august-to-58-33-mn-tonnes-122090600360_1.html

Government sets up Kirit Parikh committee to moderate gas prices

The government has set up a panel to review the formula that dictates the pricing of gas produced by companies like ONGC and Reliance as it looks to moderate the steep increase that producers would have otherwise got. The committee under former planning commission member Kirit S Parikh will suggest a "fair price to the end consumer", according to an order of the oil ministry. The panel, which will include representatives of the gas producers association as also producers ONGC and OIL, has been asked to submit its report by the month-end. It also has a member from private city gas operators, state gas utility GAIL, a representative of Indian Oil Corporation and a member from the fertiliser ministry, the order said.

<https://economictimes.indiatimes.com/industry/energy/oil-gas/government-sets-up-kirit-parikh-committee-to-moderate-gas-prices/articleshow/94033015.cms>

Rules on sourcing solar modules may be eased amid shortage, arbitrary pricing

The government may relax the requirement of mandatory sourcing of solar modules from approved manufacturers for up to a year to allow project developers to freely purchase or import equipment from any supplier, people familiar with the development said. It is also considering issuing an order allowing the solar projects to recover the increase in costs due to a higher customs duty levy by raising tariffs as tax rate was increased after the award of projects. Last month, the government lifted restrictions on four pieces of solar equipment for CPSEs.

<https://economictimes.indiatimes.com/industry/renewables/rules-on-sourcing-solar-modules-may-be-eased-amid-shortage-arbitrary-pricing/articleshow/94036551.cms>

Receivables of leading RE companies to shrink 20% this fiscal: Crisil

Receivables of leading renewable companies will shrink 20 per cent during this financial year, Crisil Ratings said. Leading renewable energy (RE) companies are set to see their receivables reduce a fifth from 180 days a year ago to 140 days as of March 2023, a level last visible pre-COVID, the agency said in a statement. According to the statement, two-thirds of the improvement will be because of increasing central counter-party offtake, and the rest due to state discoms implementing the late payment surcharge (LPS) scheme. The incremental cash flow will allow RE companies to build capacity for growth and reduce leverage, it opined.

<https://economictimes.indiatimes.com/industry/renewables/receivables-of-leading-re-companies-to-shrink-20-this-fiscal-crisil/articleshow/94034741.cms>

Telecom

Trai, DoT tussle over licence to access network providers

The Telecom Regulatory Authority of India (Trai) has shot back at the government for rejecting its recommendation on the creation of a separate category of licence for providing network services on a wholesale basis, and reiterated its views. Trai said a separate licence for access network providers (ANPs) could attract investment and strengthen the service delivery segment. "With the deployment of 5G technology at the cusp, there will be different use cases covering almost all the economic verticals," Trai said in its back reference to the Department of Telecommunications (DoT). The regulator in August 2021 had recommended "enabling unbundling of different layers through differential licensing" through the creation of ANPs.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/dots-rejection-of-recommendations-on-differential-licence-without-any-rationale-trai/articleshow/94035376.cms>

States

Maharashtra govt starts property e-registrations, to also introduce blockchain

The government of Maharashtra has started the e-registration of properties to be sold by realty developers in a bid to digitise the process that will also involve usage of blockchain technology soon. With this, Maharashtra has become the first state to enable e-registrations of properties. Initially the facility will be enabled for e-registration of agreement of first sale and resale transactions will not be part of it. The government is planning to introduce blockchain technology to avoid tampering of property agreements registered through the digital mode. This is aimed at verification of original documents and protecting the interests of homebuyers and mortgage lenders.

<https://economictimes.indiatimes.com/industry/services/property/-/cstruction/maharashtra-govt-starts-property-e-registrations-to-also-introduce-blockchain/articleshow/94034462.cms>

External

India, Bangladesh to start negotiating free trade pact this year

India and Bangladesh have decided to start negotiations this year on a bilateral Comprehensive Economic Partnership Agreement—a free trade agreement in goods, services, investments and other related areas—aiming to implement the pact by the time Bangladesh graduates out of its LDC status in 2026. In their bilateral meeting on Tuesday, Prime Minister Narendra Modi and his Bangladeshi counterpart Sheikh Hasina, who is on a four-day visit to India, also discussed further enhancement of the development partnership, including upgrading railway infrastructure projects, building resilient supply chains between the two countries and across the region, and continuing the close security cooperation, Foreign Secretary Vinay Kwatra said in a media briefing.

<https://www.thehindubusinessline.com/economy/india-bangladesh-to-start-negotiating-free-trade-pact-this-year/article65857476.ece>

Indian pharma industry eyes South American market, seeks greater access

A business delegation from India under the aegis of the commerce ministry visited South American nations like Colombia, Bolivia, Peru and Brazil to discuss a roadmap for greater access to Indian pharma companies in their respective markets, reported Livemint. As global pharma majors are exiting South America after coronavirus pandemic, the Pharmaceuticals Export Promotion Council of India (Pharmexcil) is looking to promote Indian pharmaceutical exports in the Latin American and Caribbean Region (LAC). A preferential market access for drugs and pharmaceutical items in a \$58 billion-strong South American market, will further strengthen India's position as a leading pharmaceutical supplier.

https://www.business-standard.com/article/economy-policy/south-america-a-key-emerging-markets-for-the-indian-pharma-sector-122090600197_1.html

Japan to bring its SMEs, startups to India in a bid to ramp up number of Japanese companies: Report

Japan is planning to bring its small and mid-sized companies and startups to India with an intent to increase the number of Japanese companies here, said a report by Asian Community News Network on Tuesday. The country is looking to invest in new opportunities in non-conventional areas such as processed foods, agro-tech, e-commerce, fresh fruits, retail, healthcare, electronics, space, co-research and R&D. According to the report, the number of Japanese companies in India has been stagnant. In 2021, the count in fact dropped from the previous year. Compared to a total of 1,441 registered Japanese companies in India in 2018, the number stood at 1,454 in 2019, 1,455 in 2020 before it dipped to 1,439 last year.

<https://www.financialexpress.com/industry/sme/msme-exim-japan-to-bring-its-smes-startups-to-india-in-a-bid-to-ramp-up-number-of-japanese-companies-report/2656890/>

India's current account deficit to widen to 5% in Q2, 3.5% in FY23: Icra

India's current account deficit (CAD) will widen to 5 per cent of the GDP in the September quarter due to higher merchandise trade deficit, domestic ratings agency Icra said. The trade deficit has doubled to USD 28.7 billion for August due to a 36.8 per cent expansion in imports and a 1.2 per cent decline in export earnings. "The current account deficit (CAD) is projected to widen to an all-time high of USD 41-43 billion in Q2 FY23 from the USD 30 billion expected in Q1 FY23. It is expected to widen to 5 per cent of GDP in Q2 FY23, the second highest level since Q3FY12," it said in a note. For the first two months of the quarter, the monthly average trade deficit has trended higher at USD 29.3 billion as against USD 23.5 billion in the June quarter, driven by strong domestic demand which led to a surge in the imports while exports remained subdued amid international slowdown fears, Icra said.

https://www.business-standard.com/article/economy-policy/india-s-current-account-deficit-to-widen-to-5-in-q2-3-5-in-fy23-icra-122090600870_1.html