



September 09, 2022 – Friday

Economy

India ranks 132 out of 191 in Human Development Index

India has ranked 132 of 191 countries on the 2021/22 Human Development Index (HDI), a report by United Nation Development Program (UNDP) said on Thursday. In 2020, India was at 130. However, UNDP says the ranking cannot be comparable as in 2020, the HDI was measured for 189 countries, and this year, the value has been calculated for 191 countries. It also said India's latest rank reflects global trend as 9 out of 10 countries have fallen backward in human development in the face of multiple crises like Covid-19, the war in Ukraine and dangerous planetary changes. For the first time, human development has declined for two years in a row, with 90 per cent of the countries registering a decline in their HDI value in 2020 or 2021. At the same time, it acknowledged that compared to 2019, the impact of inequality on human development is lower in India.

<https://www.thehindubusinessline.com/news/variety/india-ranks-132-out-of-191-in-human-development-index/article65866022.ece>

Consumer sentiments in India dip: CMIE

Consumer sentiments in India deteriorated in August 2022 and in the first week of September, after having improved substantially in the previous month, with significant dip in urban sentiments, the Centre for Monitoring Indian Economy said. According to CMIE, the Index of Consumer Sentiments (ICS) shrunk by 0.5% in August, after having risen by an impressive 6.7% in July, and further by a 3.1% in the first week of September. The urban ICS declined by 1.5% in August while the rural ICS remained unchanged while in the first week of September the urban ICS fell by 4.7% while the rural ICS fell by 1.5%, it said.

<https://economictimes.indiatimes.com/news/economy/indicators/consumer-sentiments-in-india-dip-in-august-cmie/articleshow/94071883.cms>

Dwindling wage growth emerging as bigger worry: Report

Even as the economic recovery gains momentum, dwindling wage growth is emerging as a bigger worry as this leads to tepid demand and resultant under-utilisation of capacity, further elongating the already-large output gap, according to a report. The households, which account for 44-45 per cent of the GVA, have witnessed their nominal wage growth declining to 5.7 per cent during FY17-FY21 from a high of 8.2 per cent during FY12-16. This means wage growth in real terms is close to just about 1 per cent, India Ratings said in a note on Thursday. This is in spite of the overall economy growing at 13.5 per cent, much lower than consensus estimates, in the first quarter of the current fiscal. Even the recent trend in wage growth at the rural and urban levels alludes to an erosion of the purchasing power of households. At the nominal level, wage growth in urban and rural areas was 2.8 per cent and 5.5 per cent year-on-year, respectively, but in real terms, which means adjusted for inflation, was a negative 3.7 per cent and negative 1.6 per cent in June 2022, as per the report.

<https://www.financialexpress.com/economy/dwindling-wage-growth-emerging-as-bigger-worry-report/2660122/>

Indian economy to be hit by global growth slowdown; govt likely to meet annual fiscal deficit target

Even as India overtook the UK to become the world's fifth-largest economy, reporting double digit GDP growth in the fiscal first quarter, it is expected to moderate going forward due to global factors. "Global growth slowdown

might impinge on domestic macros sooner or later,” analysts at Bank of Baroda said in a research note. According to the BoB report, the central government will meet its fiscal deficit target for this year. Several economists are of the opinion that the US Fed’s battle to bring inflation under control by aggressively tightening the monetary policy and hiking rates will likely cause more harm to the US and the world economy. Growth of emerging markets and developing economies such as India will be hampered as the dollar will climb in response to higher US rates.

<https://www.financialexpress.com/economy/indian-economy-to-be-hit-by-global-growth-slowdown-govt-likely-to-meet-annual-fiscal-deficit-target/2659368/>

Banking and Finance

Bank credit growth continues to be robust in Q2 so far

Credit growth of all scheduled banks in the second quarter so far (up to August 26) has been relatively robust at about ₹80,000 crore as compared to a decline of about ₹33,000 crore in the year-ago period. However, deposit accretion at about ₹30,500 crore during the reporting period against ₹63,000 crore. “The banking system is seeing a healthy recovery in loan growth, led by a revival in the corporate segment, while growth in retail and SME remains robust. Deposit growth remains modest, but is expected to see some uptick in the current rising interest rate regime,” according to an assessment by Motilal Oswal Financial Services report. CARE Ratings, in a report, observed that credit offtake, which showed an improving trend in the latter half of FY22, has continued in FY23.

<https://www.thehindubusinessline.com/money-and-banking/bank-credit-growth-continues-to-be-robust-in-q2-so-far/article65867091.ece>

Industry

No further extension of Udyog Aadhaar license validity for MSMEs by govt

The MSME ministry won’t be extending the validity of the Udyog Aadhaar Memorandum (UAM) license for MSMEs in order to encourage them to register on the new Udyam registration portal, a source in the know told FE Aspire (erstwhile Financial Express Online). UAM was the registration portal in place for businesses to register as MSMEs before the government launched the Udyam portal in July 2020. The UAM license was valid till June 30, 2022. “As of today, there is no plan to further extend the validity of UAM further from June 30. This means MSMEs won’t be able to benefit from various government schemes available to them unless they register on the Udyam portal. The intent is to encourage them to get onto the new portal in order for the government to streamline MSME data,” the source said.

<https://www.financialexpress.com/industry/sme/msme-eodb-exclusive-no-further-extension-of-udyog-aadhaar-license-validity-for-msmes-by-govt/2660090/>

Automobile retail sales in India increase by 8.31% in August: FADA

Retail sales of automobiles in India grew 8.31 per cent in August this year on the back of increase in registrations of vehicles across all major segments, automobile dealers’ body FADA said on Thursday. As per data released by the Federation of Automobile Dealers Associations (FADA), total vehicle retail sales in the country stood at 15,21,490 units last month as compared to 14,04,704 units in August 2021. Passenger vehicles (PV) retail sales stood at 2,74,448 units as compared to 2,57,672 units in the year-ago month, a growth of 6.51 per cent. Two-wheeler (2W) retail sales also grew by 8.52 per cent at 10,74,266 units in August 2022 as against 9,89,969 units in the same month last year, it added. FADA said the three-wheeler (3W) segment witnessed the highest growth rate last month posting 83.14 per cent increase at 56,313 units, up from 30,748 units in the same month a year ago.

https://www.business-standard.com/article/economy-policy/automobile-retail-sales-in-india-increase-by-8-31-in-august-fada-122090800324_1.html

Festive season online sales will grow by 28% this time to reach \$11.8 billion, says Redseer

Online sales are expected to register a 28 per cent year-on-year growth to reach \$11.8 billion during the festive month. In the first week itself, the sales are estimated to reach \$5.9 billion, projecting a 28 per cent increase from \$4.8 billion last year, said a report by Redseer Strategy Consultants. The festive month generally starts from the first sales event and lasts roughly till Diwali week, including non-sale or business-as-usual days in between, according to Redseer. Compared to pre-pandemic sales in 2018, the report is projecting around 3X growth in online festive sales

GMV this year. Online sales are expected to register a 28 per cent year-on-year growth to reach \$11.8 billion during the festive month. In the first week itself, the sales are estimated to reach \$5.9 billion, projecting a 28 per cent increase from \$4.8 billion last year, said a report by Redseer Strategy Consultants. The festive month generally starts from the first sales event and lasts roughly till Diwali week, including non-sale or business-as-usual days in between, according to Redseer. Compared to pre-pandemic sales in 2018, the report is projecting around 3X growth in online festive sales GMV this year.

<https://www.financialexpress.com/industry/festive-season-online-sales-will-grow-by-28-this-time-to-reach-11-8-billion-says-redseer/2659376/>

Steel-makers margins to nearly double in H2 to 25 pc from H1 levels: Report

Steel-makers are in for better times from the second half of the current fiscal as lower input cost and robust domestic demand will ease their margin pressure and lift operating margins to over 25 per cent, as per a report. The industry was hit by high input costs in the first quarter and is still under pressure in the ongoing second quarter, the rating agency said in the report. As a result, their operating margins of primary steelmakers are likely to fall to 14-16 per cent in the first half of this fiscal -- massively down from 30 per cent last fiscal, which was a decadal best -- due to high input costs, lower realisations and imposition of export duty on finished steel products, among other reasons, Crisil added.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/steel/steel-makers-margins-to-nearly-double-in-h2-to-25-pc-from-h1-levels-report/articleshow/94079497.cms>

Margins of aluminium companies likely to contract 400-500 bps in Q2: ICRA

Operating margins of the domestic primary aluminium companies are likely to shrink by 400-500 bps sequentially in the second quarter of 2022-23 due to factors like high input costs, rating agency Icra said on Thursday. "Owing to a twin onslaught of correction in aluminium prices and elevated input costs, the estimated operating profitability of ICRA's sample set of domestic players is likely to contract sequentially by almost 400-500 bps in Q2 FY2023 compared to Q1 FY2023," Icra said in a statement.

https://www.business-standard.com/article/companies/margins-of-aluminium-companies-likely-to-contract-400-500-bps-in-q2-icra-122090800791_1.html

Agriculture

Govt sets 2022-23 grain production target at 328 mt, up 4% on year

The government on Wednesday set a food grain production target of 328 million tonne (mt) for the 2022-23 crop year (July-June) which is 4% more than a record foodgrain output of 315.7 mt in the previous year. Out of the total grain production, rabi crops such as wheat, mustard and chana (gram) would contribute 164.8 mt in 2022-23 crop year. Rabi crops are sown in the winter months of December-January and harvested from April onwards. The government has a set target for higher food grains production for 2022-23 despite a marginal 1.2% decline in the area under all kharif crops – paddy, pulses, oilseeds, cotton and nutri-cereals etc -to 106.9 million hectares (mh) till last week. Ppaddy sowing area across the country was reported at 38.3 mh which was 5.6% less than year ago.

<https://www.financialexpress.com/market/commodities/govt-sets-2022-23-grain-production-target-at-328-mt-up-4-on-year/2658846/>

Centre to set up two multi-State co-operatives: Amit Shah

Union Cooperation Minister Amit Shah on Thursday announced a host of initiatives including setting up two national level multi state co-operatives, one for seeds and other for export. The government has also been working to allow co-operative major Nafed to bring into its fold village-level Primary Agriculture Cooperative Societies (PACS).

Addressing a two-day National Conference of State Co-operation Ministers in Delhi, Shah said an export house is being set up by Amul, IFFCO, NAFED, NCDC and Kribhco, which will export khadi products, handicrafts and agriculture products to the world market. "The decision may help the government to fill the void with the decision to dispense with State-owned trading firms," said an official.

<https://www.thehindubusinessline.com/economy/agri-business/centre-to-set-up-two-multi-state-co-operatives-amit-shah/article65867255.ece>

FICCI to run a project management unit for public-private partnership in farm sector

As a joint initiative of Agriculture Ministry and industry chamber FICCI to promote public-private partnership (PPP) in the farm sector, a Project Management Unit (PMU) was launched on Thursday by Agriculture Minister Narendra Singh Tomar. Emphasising the need for a strong agriculture sector as it will also help boost other sectors, Tomar said that the PPP model can be an ideal one for growth in farm sector and such projects must focus on benefiting the farmers through enhancement of their income. FICCI's role under the joint initiative will be to reach out to the private sector and facilitate submission of proposals for PPP projects in the farm sector. Besides, it will identify government schemes which could be directly or indirectly leveraged by its members and also will monitor the private and PPP investments in the farm sector.

<https://www.thehindubusinessline.com/economy/agri-business/ficci-to-run-a-project-management-unit-for-ppp-projects-in-farm-sector/article65865917.ece>

Infrastructure

Targeting to developing 300 Gati Shakti Terminals in next five years: Ashwini Vaishnaw

The target of developing 300 Gati Shakti terminals within the next five years is doable and will boost the cargo movement on the Indian Railway network, bringing down overall logistics cost of the country said Railway Minister Ashwini Vaishnaw. According to officials in the know, the new railway land policy will result in incremental annual revenue of Rs 30,000 crore after five years to the national transporter. The Union Cabinet on Wednesday had approved a policy on long term leasing of Railways Land. The revised policy provided for long term leasing of railway land for cargo related activities for up-to 35 years at 1.5% of market value of land per annum. It was also decided that there will be a 6% increment in the Land Leasing Fee (LLF) value payable to the Indian Railways. An official statement said that the revised land policy has been formulated while keeping in mind the PM Gati Shakti programme and the target to develop 300 Cargo Terminals over the next five years.

<https://economictimes.indiatimes.com/news/economy/policy/targeting-to-developing-300-gati-shakti-terminals-in-next-five-years-ashwini-vaishnaw/articleshow/94073272.cms>

Energy

India's power demand growth rate seen nearly doubling in next 5 years

India expects annual electricity demand to grow at an average of 7.2% over five years ending March 2027, a draft government plan showed, nearly double the growth rate of over 4% seen during the five years to March 2022. The Central Electricity Authority (CEA), an advisory body to the power ministry, said in a draft plan India's power demand would reach 1,874 billion units during the year ending March 2027, compared with over 1,320 billion units in 2021/22. India would add power generation capacity of 165.3 gigawatts (GW) over five years ending March 2027, most of which would be renewable energy, according to the plan. That would represent a 41% increase from current installed capacity of 404.1 GW.

https://www.business-standard.com/article/economy-policy/india-s-power-demand-growth-rate-seen-nearly-doubling-in-next-5-years-122090801105_1.html

Coal ministry slashes interest on late payment of royalty, rent

The government has reduced the rate of interest levied on delayed payment of royalty, rent and fee from coal mines, a move that would give a fillip to ease of doing business. The coal ministry has amended the Mineral Concession Rules, 1960 (MCR) aimed at decriminalising its provisions. "To further promote and boost the 'Ease of doing business' policy of the government, the amendment in MCR decriminalised 68 provisions whereas penalty has been reduced for 10 provisions of MCR," it said. "Further, rate of penal interest on delayed payment of rent, royalty, fee, or other sums due to the government has been reduced from 24 per cent to 12 per cent," it said.

<https://www.financialexpress.com/industry/coal-ministry-slashes-interest-on-late-payment-of-royalty-rent/2660007/>

Telecom

Trai extends comments deadlines for AI/Big Data paper

The sector regulator has extended the deadlines for stakeholder comments and counter-comments for its recent discussion paper on ways to leverage opportunities around artificial intelligence (AI) and big data for the telecom industry. In its discussion paper floated in early August, the Telecom Regulatory Authority of India (Trai) had sought views on opportunities and risks involved in leveraging AI and big data. It had also touched on issues such as customer privacy and constraints in adopting these new technologies. The regulator had noted in the paper that the telecom sector could leverage AI and big data in areas such as quality of service, spectrum management and network security.

<https://economictimes.indiatimes.com/industry/telecom/telecom-policy/trai-extends-comments-deadlines-for-ai/big-data-paper/articleshow/94071498.cms>

Regulate communication apps, sharply cut levies: Telcos to DoT on new law

Over-the-Top (OTT) communication services must be regulated to ensure a level-playing field, telecom players have urged the government. The industry, which made submissions to the Department of Telecommunications (DoT) for the proposed new telecom regulatory framework, said the law should be forward looking and should address the needs of convergence of various digital services, including telecommunication connectivity, carriage of broadcasting content and OTT communication services. DoT is expected to put up the draft telecom Bill for public consultation in the coming days.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/regulate-communication-apps-sharply-cut-levies-telcos-to-dot-on-new-law/articleshow/94074699.cms>

External

India imposes 20% export duty on rice

India on Thursday imposed 20 per cent export duty on export of various types of rice, excluding the parboiled and Basmati rice. As per a release by the Department of revenue, under the Ministry of Finance, the 20 per cent levy will be imposed on export of rice in the husk (paddy or rough), husked brown rice, semi-milled or wholly-milled rice, whether or not polished or gazed (other than Parboiled rice and Basmati rice). The changes will come into effect from September 9, the release further said.

<https://economictimes.indiatimes.com/news/economy/policy/india-imposes-20-export-duty-on-rice/articleshow/94079363.cms>

India to seek review of trade pact with Japan, says Piyush Goyal

India will seek review of its free trade agreement with Japan during a meeting between Commerce and Industry Minister Piyush Goyal and his Japanese counterpart in Los Angeles on Thursday. Nishimura Yasutoshi is the Japanese Minister of Economy, Trade and Industry. In such reviews, normally two countries seek more market access for their respective domestic products and resolve issues which are hindering trade. "I think that's quite long overdue and I am going to raise that issue with my counterpart from Japan. He has just taken over some time back as a new minister. So I will be taking up that issue," Goyal told reporters here when asked if a review of the free trade agreement (FTA) with Japan is on the cards.

<https://www.financialexpress.com/economy/india-to-seek-review-of-trade-pact-with-japan-says-piyush-goyal/2659253/>

FTA may boost India's exports to Bangladesh by \$10 billion in five years

India's exports to Bangladesh may increase by additional \$10 billion in a time span of five years if both countries sign a free trade agreement (FTA), the joint study conducted by both countries for the proposed Comprehensive Economic Partnership Agreement (CEPA) said. "Due to the possible bilateral trade agreement, there exists a potential of additional export from India to Bangladesh, ranging from \$4 billion to \$10 billion. This export potential in addition to existing exports could be achieved by India in a time span of five years," a copy of the joint study reviewed by Business Standard showed. Similarly, for Bangladesh, the potential of additional exports to India could range from \$3 billion to \$5 billion in a time span of 10 years." The total additional potential bilateral gains in trade in goods due to a possible CEPA ranges between \$7 billion to \$15 billion," the report said.

https://www.business-standard.com/article/economy-policy/fta-may-boost-india-s-exports-to-bangladesh-by-10-billion-in-five-years-122090801151_1.html

Indian exporters should not rush to hedge non-dollar exposure

Indian exporters should wait for the dollar to pullback from its recent high before hedging their future receipts in currencies other than the greenback, analysts said on Thursday. Exporters that have shipped goods and expect to earn euros, pounds and the yen are eyeing ways to manage the currency risk as the dollar surges against its major peers, at the same time that the rupee has been held in a narrow range by the Reserve Bank of India (RBI). The dollar index is hovering near its highest level in 20 years, thanks to the Federal Reserve's aggressive monetary policy tightening. Meanwhile, the rupee has managed to avoid crossing 80 per dollar again due to the RBI's intervention.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/indian-exporters-should-not-rush-to-hedge-non-dollar-exposure/articleshow/94074562.cms>