



September 13, 2022 – Tuesday

Economy

Industrial production growth slows to four-month low of 2.4 pc in July

India's industrial production growth decelerated to a four-month low of 2.4 per cent in July, mainly due to poor showing by manufacturing, power and mining sectors, according to official data released on Monday. The data showed that the previous low in industrial output growth was recorded at 2.2 per cent in March this year. IIP grew 6.7 per cent in April, 19.6 per cent in May and 12.7 per cent in June. Factory output, measured in terms of the Index of Industrial Production (IIP), had expanded 11.5 per cent in July 2021. The manufacturing sector expanded 3.2 per cent in July 2022 compared to 10.5 per cent recorded in the year-ago period, as per the data released by the Statistics and Programme Implementation Ministry. The power sector showed a growth of 2.3 per cent as against 11.1 per cent a year ago. The mining sector witnessed a contraction of 3.3 per cent in July 2022 whereas there was a growth of 19.5 per cent in the year-ago period.

<https://www.financialexpress.com/economy/industrial-production-growth-slows-to-four-month-low-of-2-4-pc-in-july/2664333/>

Inflation rises to 7 per cent in August; RBI may hike interest rate again later this month

After declining for three months, retail inflation rose to 7 per cent in August due to higher food prices which may prompt the Reserve Bank of India to go for another rate hike later this month to tame price rise. The Consumer Price Index (CPI) based inflation, which is factored in by RBI while deciding the monetary policy, has remained above the central bank's comfort level of 6 per cent for eight months in a row. CPI inflation was 6.71 per cent in July and 5.3 per cent in August 2021. As per the data released by the National Statistical Office (NSO) on Monday, the inflation in food basket was 7.62 per cent in August, up from 6.69 per cent in July and 3.11 per cent in August 2021. On an annual basis, the rate of price rise was in excess of 10 per cent in the case of vegetables, spices, footwear, and 'fuel and light'. However, there was contraction in inflation in egg and almost flat in protein rich 'meat and fish' in August.

<https://www.financialexpress.com/economy/inflation-rises-to-7-per-cent-in-august-remains-above-rbis-comfort-level-for-8th-month/2664317/>

Banking and Finance

SEBI's tricky search for startup valuation

The Securities and Exchange Board of India (Sebi) is seeking transparency in valuation of startups by asking private equity (PE) and venture capital (VC) funds to share details of valuers employed and practices followed. Valuation of any company, let alone for those starting out, is by no means an exact science, and there exists scope for manipulation by tweaks to methods used. The regulatory intent here is to lower risks faced by investors by raising the bar on disclosure for close-ended alternative investment funds (AIF), which is typically the route VC takes to fund startups. As private pools of capital grow in size, Sebi's approach to regulation is pivoting from minimising the systemic risk to a scrutiny of the business risk.

<https://economictimes.indiatimes.com/news/india/sebis-tricky-search-for-startup-valuation/articleshow/94160355.cms>

Bankers uncomfortable taking haircuts in Pre-packaged Insolvency Resolution Process

The Pre-packaged Insolvency Resolution Process (PIRP) has not found many takers as bank officials are wary of taking voluntary haircuts that may be questioned later. It was notified more than a year ago but so far only two insolvency cases have been initiated under this regime, available exclusively to micro, small, and medium enterprises (MSMEs). "Bankers are not comfortable taking haircuts in pre-packaged insolvency since they are concerned that such decisions may come into question at a later stage," said Manoj Kumar, partner, Corporate Professionals. "So they are processing even potential PIRP cases through the regular corporate insolvency process, which typically puts more pressure on the business of MSMEs."

<https://economictimes.indiatimes.com/industry/banking/finance/banking/bankers-uncomfortable-taking-haircuts-in-pre-packaged-insolvency-resolution-process/articleshow/94160962.cms>

With 70% card transactions tokenised, industry set to meet RBI deadline

Industry players are in a better position to roll out card-on-file tokenisation as compared with three months ago and are on track to meet the September 30 deadline imposed by the Reserve Bank of India. As per industry estimates, about 70-80 per cent of the active cards have been tokenised, whereas in terms of the volume of transactions, the number stands at over 70 per cent of card-on-file transactions. "There are sizeable tokens being created in the market, a little over 11 crore tokens have already been created and this number will grow. The majority of active transacting customers have already tokenised," said Ravi Datla, Vice President-Digital Products, South Asia at Mastercard.

<https://www.thehindubusinessline.com/money-and-banking/with-70-card-transactions-already-tokenised-the-industry-is-on-track-to-meet-rbi-deadline/article65883019.ece>

Unsecured SME, consumer loans may be the only segment to touch pre-Covid growth this FY: Crisil

Unsecured loans, which comprise business loans to small and medium enterprises (SMEs) and consumer loans, is likely to be the only segment in the non-banking financial companies' (NBFC) total assets under management (AUM) to see pre-Covid era growth of 20-22 per cent this financial year, analytics company Crisil said on Monday. This would come on the back of the double-digit AUM growth of 11-12 per cent to around Rs 13 lakh crore for NBFCs in FY22, riding on macroeconomic tailwinds, after three years of single-digit growth. "With NBFCs focussing on higher-yield segments, unsecured loans, which have the second-largest share (16-20 per cent) in the NBFC AUM pie, may be the only segment to touch the pre-Covid era growth of 20-22 per cent this fiscal. The cautious approach of NBFCs had resulted in a decline in AUM for this segment in fiscal 2021, while fiscal 2022 saw a V-shaped recovery," said Ajit Velonie, Director, CRISIL Ratings.

<https://www.financialexpress.com/industry/sme/msme-fin-nbfc-aum-unsecured-sme-consumer-loans-may-be-the-only-segment-to-touch-pre-covid-growth-this-fy-crisil/2663897/>

Industry

Automakers on course to sell record 1 million vehicles this quarter

Indian automakers are set to head into the main festive season with bumper sales of about a million passenger vehicles in the ongoing quarter, riding on a slew of new launches and sustained consumer demand. Record sales this quarter are expected to push up the volume for calendar year 2022 by nearly half a million units over initial projections, which were already for all-time high volumes. Sales of cars, utility vehicles and vans this calendar year are now expected to close around 3.85-3.90 million units, up 25-27% over last year. As many as 6,71,000 passenger vehicles have already been sold in the first two months of this quarter. With an improvement in component supplies, dispatches are expected to be 3,25,000-3,35,000 units this month, enabling wholesales to breach the 1-million-mark for the first time ever in a quarter.

<https://economictimes.indiatimes.com/industry/auto/auto-news/automakers-on-course-to-sell-record-1-million-vehicles-this-quarter/articleshow/94161404.cms>

Tractor sales record marginal drop in August; exports stay in the growth lane

The domestic tractor industry reported a very marginal year-on-year decline in sales during August 2022 as a combination of high base effect and uneven spread of monsoon continued to impact tractor volumes in the country.

This is the third month in a row that domestic tractor sales have reported a y-o-y decline after a rebound in volumes in April. Domestic tractor sales stood at 52,691 units in August compared with 53,721 units in August 2021, recording a fall of about 2 per cent. The decline was a little higher, at about 5 per cent, when compared with July 2022 volumes, according to the data provided by Tractor & Mechanisation Association (TMA).

<https://www.thehindubusinessline.com/economy/tractor-sales-record-marginal-drop-in-august-exports-stay-in-the-growth-lane/article65882848.ece>

Businesses will be able to claim pre-GST tax credits from October 1: Report

The businesses that could not claim tax credits for taxes paid during the pre-goods and services tax (GST) era may soon get an opportunity to do so. The government, from October 1, is likely open a special window for businesses to file their claims, according to a report by *Mint*. According to the report, the credits are expected to be worth Rs 400 crore. "Based on the information that we have, the amount that is estimated is around Rs 400 crore. We are waiting for the window to open so that people can start filing claims," a person aware of the matter told *Mint*. When the new tax regime under GST was introduced in 2017, several businesses could not file their tax claims due to a lack of clarity on the rules. The businesses also reportedly faced technical glitches. These have now been resolved, *Mint* stated.

https://www.business-standard.com/article/economy-policy/businesses-will-be-able-to-claim-pre-gst-tax-credits-from-october-1-report-122091200263_1.html

Agriculture

India's milk export to boost Modi's Atma Nirbhar Bharat; PM says dairy sector employs 8 crore families

PM Narendra Modi said that India has become the largest producer of dairy products in the world due to collective efforts of small-scale dairy farmers. India's dairy sector is recognised for production by masses rather than mass production. "Today 8 crore families are getting employment from the dairy sector," the PM said while inaugurating International Dairy Federation World Dairy Summit (IDF WDS) 2022 on Monday, 12 September. Union Minister of Fisheries, Animal Husbandry and Dairy Purshottam Rupala said that the World Dairy Summit 2022 has been organised after over 48 years in India. "Our milk production is 220 million tonne today. We are in the position to export surplus milk, in line with the 'Atma Nirbhar Bharat'," Rupala said. It may be noted that this summit comes at a time when India, the world's largest producer of milk, is facing one of the worst outbreaks of Lumpy Skin disease. PM assured that the central government along with various state governments were trying to control Lumpy Skin Disease (LSD) among livestock. Moreover, scientists have prepared indigenous vaccine for Lumpy Skin Disease among cattle, he said. LSD is a contagious viral disease that affects cattle and causes fever, nodules on the skin and can also lead to death. The disease gets spread by mosquitoes, flies, lice, and wasps by direct contact among the cattle, and through contaminated food and water.

<https://www.financialexpress.com/economy/pm-modi-links-surplus-milk-production-to-atma-nirbhar-bharat-says-india-has-largest-database-of-dairy-animals/2663603/>

Infrastructure

Government working on developing electric highways, powered by solar energy: Nitin Gadkari

The government is working on developing electric highways, which will be powered by solar energy, that will facilitate the charging of heavy duty trucks and buses, Union road transport and highways minister Nitin Gadkari said on Monday. Addressing an event organised by the Indo-American Chamber of Commerce (IACC), Gadkari reiterated that the government wants to develop India's public transport system on electricity. "The government is strongly encouraging solar and wind energy-based charging mechanisms for electric mobility. "We are also working on developing electric highways, which will be powered by solar energy and this will facilitate charging of heavy duty trucks and buses while running," he said.

<https://www.financialexpress.com/infrastructure/roadways/government-working-on-developing-electric-highways-powered-by-solar-energy-says-nitin-gadkari/2663822/>

Container shipping charter rates set for course correction: Report

Container shipping charter rates are set for a course correction after touching historical highs in 2021 and staying elevated so far this year, according to a report. It also expects margins of the Indian shippers squeezing this fiscal even as they will be higher than the pre-Covid level. Charter rates were up 156 per cent year-on-year for the first seven months of this year, according to Crisil Research. Over the remaining months, however, the rates are expected to decline, though still ending the year 40-70 per cent higher, it said. These rates are likely to slide a further 30-50 per cent in 2023 on account of the expected recessionary environment in the majority of the consumption economies and consequent fall in demand for discretionary goods, according to the report.

<https://economictimes.indiatimes.com/industry/transportation/shipping/-/transport/container-shipping-charter-rates-set-for-course-correction-report/articleshow/94160193.cms>

Energy

Government puts 10 coal blocks on auction under commercial mining this week

The Central government will auction 10 coal blocks under commercial coal mining this week, an official statement released on Monday said. This comes as government takes measures to ramp up domestic coal output. Out of the ten blocks put on sale, eight mines will be auctioned under fifth round of commercial coal mining on Tuesday, while the remaining two blocks will be put on sale on Wednesday under the second attempt of the fourth round of commercial coal mine auction.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/metals-mining/government-puts-10-coal-blocks-on-auction-under-commercial-mining-this-week/articleshow/94159659.cms>

India may need up to 28GW of additional coal-based power generation capacity by 2032: CEA

India may need additional up to 28GW of coal-fired power generation capacity by 2032 apart from the 25GW thermal projects that are under construction, said a report by advisory body Central Electricity Authority (CEA). "It is seen that apart from under construction coal-based capacity of 25GW, the additional coal-based capacity required till 2031-32 may vary from 17 GW to around 28 GW," CEA said in a draft national electricity plan. The CEA has put up the 'Draft National Electricity Plan (Vol-I Generation)' for feedback of stakeholders on September 8, 2022. As per the Electricity Act, 2003, CEA has to prepare the National Electricity Plan once in five years. The Act stipulates that CEA, while preparing the National Electricity Plan (NEP), shall publish the draft and invite suggestions and objections thereon from licensees, generating companies and the public. The inputs on the draft can be given latest by December 5, 2022.

<https://www.financialexpress.com/industry/india-may-need-up-to-28w-of-additional-coal-based-power-generation-capacity-by-2032-cea/2664065/>

Govt plans Rs 20,000-cr aid to oil firms hit by soaring costs: Report

India plans to pay about Rs 20,000 crore (\$2.5 billion) to the state-run fuel retailers, such as Indian Oil Corp., to partly compensate them for losses and keep a check on cooking gas prices, according to people familiar with the matter. The oil ministry has sought a compensation of Rs 28,000 crore, but the finance ministry is agreeing to only about a Rs 20,000-crore cash payout, the people said, asking not to be identified as the discussions are private. The talks are at an advanced stage but a final decision is yet to be taken, the people said.

https://www.business-standard.com/article/economy-policy/govt-plans-rs-20-000-cr-aid-to-oil-firms-hit-by-soaring-costs-report-122091200744_1.html

Power generation rises marginally in July-Aug on heavy rain: Emkay Global

The power generation in first two months of the second quarter of current financial year rose marginally by 1.5 per cent on-year due to heavy rainfall during these months, Emkay Global Financial Services said in a report. This was sharply lower than 16 per cent growth in the first quarter of the current financial year, which had the impact of low base due to Covid-19. August generation has been less than 1 per cent. On a 3-year CAGR basis, growth for the two months has been 3.5-5 per cent. Hydro growth has been strong at 10 per cent, while Thermal and RE growth stood flat to moderate at 2 per cent. While, coal production reported 11.4 per cent and 8.3 per cent YoY growth for July and August, respectively. Coal dispatch is up 8.5 per cent/5.4 per cent YoY for the two months, although there was some tapering in growth.

https://www.business-standard.com/article/economy-policy/power-generation-rises-marginally-in-july-aug-on-heavy-rain-emkay-global-122091200595_1.html

Telecom

Decision on high-frequency spectrum bands for broadband likely in 4-5 months: DoT secretary

Telecom and satellite operators should look at using the same spectrum bands in coordination with each other and the decision on use of high-frequency range for broadband is likely to be taken in 4-5 months, a senior government official said. Telecom secretary K Rajaraman, while speaking at ITU-APT Foundation of India event, said with more people in India joining the digital bandwagon, the data consumption will rise and in turn pressure on use of spectrum will also increase. He said that it's very important to discuss the possibility of convergence with terrestrial networks (mobile networks) and non-terrestrial networks.

<https://www.financialexpress.com/industry/decision-on-high-frequency-spectrum-bands-for-broadband-likely-in-4-5-months-dot-secretary/2664100/>

Healthcare

Several antibiotics, other drugs may get cheaper

Several antibiotics, nicotine replacement therapy products, painkillers, drugs to treat chronic diseases are likely to get cheaper as government inches closer to announcing the National List of Essential Medicines (NLEM) on Tuesday. Medicines and devices listed in the NLEM must be sold at the prices set by National Pharmaceuticals Pricing Authority (NPPA), while those in the non scheduled list are allowed a maximum annual price increase of 10%. The revision of the NLEM aims to ensure that antibiotics are available when needed, and that the right antibiotics are prescribed for the right infections.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals/several-antibiotics-other-drugs-may-get-cheaper/articleshow/94161118.cms>

Govt health expenditure fell from 1.35 pc of GDP in 2017-18 to 1.28 pc in 2018-19

The government's health expenditure as a percentage of the GDP fell from 1.35 in 2017-18 to 1.28 in the next year, according to the data released on Monday. While the Centre's share in the total government health expenditure fell to 34.3 per cent in 2018-19, from 40.8 per cent in the previous year, the states' share during the same period rose from 59.2 per cent to 65.7 per cent, the latest national health estimates showed. In the same period, the out-of-pocket expenditure as a percentage of the total health expenditure also fell from 48.8 to 48.2. However, when compared with the figures of 2013-14, the out-of-pocket expenditure on health decreased substantially by 16 percentage points from 64.2 per cent.

<https://www.financialexpress.com/economy/govt-health-expenditure-fell-from-1-35-pc-of-gdp-in-2017-18-to-1-28-pc-in-2018-19/2664401/>

External

India's rice export curbs paralyse trade in Asia as prices rise: Industry

India's restrictions on rice exports have paralysed trading in Asia, with buyers scouring for alternative supplies from Vietnam, Thailand and Myanmar where seller are holding off on deals as prices rise, industry officials said. India, the world's biggest exporter of the grain, banned shipments of broken rice and imposed a 20% duty on exports of various other types on Thursday as the country tries to boost supplies and calm prices after below-average monsoon rainfall curtailed planting. "Rice trading is paralysed across Asia. Traders don't want to commit anything in a hurry," said Himanshu Agarwal, executive director at Satyam Balajee, India's biggest rice exporter. "India accounts for more than 40% of global shipments. So, nobody is sure how much prices will rise in the coming months."

https://www.business-standard.com/article/economy-policy/india-s-rice-export-curbs-paralyse-trade-in-asia-as-prices-rise-industry-122091200693_1.html

Disclosing end-use of goods must while claiming concessional import duties

Those importing goods at concessional rates will have to submit information on end use of these products on a portal developed by the Customs Department on monthly as well as annually bases. This has been done to enable the tracking of these goods by the authorities to ensure that the goods are used in specified manufacturing and not in the replacement market. If these goods are used for the replacement market, normal tariffs will apply, said Abhishek Jain, partner indirect tax at KPMG. The lower rates under The Customs (Import of Goods at Concessional Rate of Duty for Specified End Use) Rules apply for sectors such as telecom, electronics, and electric vehicles. The information will have to be provided on the Indian Customs and Central Excise Electronic Commerce/Electronic Data Interchange (EC/EDI) Gateway (ICEGATE), an online portal.

https://www.business-standard.com/article/economy-policy/disclosing-end-use-of-goods-must-while-claiming-concessional-import-duties-122091200559_1.html

Piyush Goyal to chair reconstituted Board of Trade meet on Tuesday, \$2 trillion export aim on agenda

Commerce and industry minister Piyush Goyal will chair a meeting of the reconstituted board of trade on Tuesday to discuss ways to boost the country's manufacturing and exports. The meeting comes ahead of the government likely to announce the new Foreign Trade Policy later this month and the country's merchandise exports shrinking 1.15% in August- the first drop since November 2020. The board includes participants from states, union territories, and senior officials from public and private sectors and provides a platform to discuss ways on boosting manufacturing and exports.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/piyush-goyal-to-chair-reconstituted-board-of-trade-meet-on-tuesday-2-trillion-export-aim-on-agenda/articleshow/94160524.cms>

Agricultural, processed food products exports up 30% to \$9.6 billion in Apr-July

India's agricultural and processed food products exports rose by 30% to \$9.6 billion during April-July this fiscal. For 2022-23, an export target of USD 23.56 billion has been fixed for the agricultural and processed food products basket, the commerce ministry said in an official statement. Data from the Directorate General of Commercial Intelligence and Statistics (DGCI&S) showed exports of fruits and vegetables saw a 4% growth during the period. Export of dairy products recorded a growth of 61.91% to \$247 million in the first four months of the current fiscal.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/agricultural-processed-food-products-exports-up-30-to-9-6-billion-in-apr-july/articleshow/94158619.cms>

Drop in Indian forex reserves worrisome as inflows slow down: Economists

India's foreign exchange reserves dropping to a two-year low is concerning for the economy as the pace of foreign inflows into the country's markets eases amid global monetary policy tightening, economists said on Monday. India's FX reserves declined to \$553.1 billion in the week ended Sept. 2, their lowest since Oct. 2020 and down by \$8 billion from the previous week, Reserve Bank of India (RBI) data showed on Friday. It was the biggest drawdown in reserves since early July, which analysts attributed to the central bank proactively intervening in currency markets to help the rupee after it hit a record low of 80.12 against a surging dollar that week. "Situation is getting worrisome because the Federal Reserve and rest of the central banks continue to act aggressively and inflows into Indian markets in September are not as robust as August's," said Anitha Rangan, economist with Equirus, adding that imports are rising while the pool of reserves is declining.

https://www.business-standard.com/article/finance/drop-in-indian-forex-reserves-worrisome-as-inflows-slow-down-economists-122091200763_1.html

India pitches for Saudi investments in energy, IT & defence manufacturing

India has pitched for Saudi investments in energy, IT and defence manufacturing as foreign minister S Jaishankar met Crown Prince Mohammed bin Salman and his Saudi counterpart Prince Faisal bin Farhan in Riyadh over the weekend. The two sides during their meeting on Sunday also sought to expand partnership in the areas of food security, healthcare, pharmaceuticals and entertainment, officials said. Jaishankar handed over a letter from the PM to Salman inviting him to visit India at an early date. Prince Faisal bin Farhan and Jaishankar co-chaired the ministerial meeting of the Political, Security, Social, and Cultural Committee (PSSC) of the Saudi-Indian Strategic Partnership Council. The deliberations at the meeting focused on further consolidating the economic partnership between the two friendly countries in light of the kingdom's Vision 2030 and boosting of investment between the two countries.

The meeting reviewed the outcome of the meetings of the subcommittees. The two sides discussed ways to enhance bilateral relations in the fields of politics, security, and cultural and social affairs, officials said.

<https://economictimes.indiatimes.com/news/india/india-pitches-for-saudi-investments-in-energy-it-defence-manufacturing/articleshow/94160775.cms>