



September 14, 2022 – Wednesday

Economy

Inflation may cool off in next 2 quarters, another 50 bps RBI repo rate hike likely in September

India's CPI inflation reversed a three-month downtrend, soaring to 7% again in August, due to rise in food prices. Higher prices for items such as wheat, rice and pulses offset easing edible oil prices, leading to a rise in food prices in August. Inflation has now remained above the Reserve Bank of India's (RBI) medium-term target of 4% for 35 consecutive months, and above the central bank's 2-6% tolerance range for eight straight months. According to economists, retail inflation is likely to ease going forward, with an improved supply side situation and global economic weakening leading to falling energy prices. "Inflation numbers dashed hopes that price levels are going to level off. While food inflation was the primary reason owing to erratic monsoon impacting production, the core CPI data, which is less volatile and also reinforces the expectation of inflation, inched up. This shows just how much work the RBI has to do. The challenge is that the RBI is faced with a difficult balancing act, needing to raise interest rates aggressively to control inflation without impacting the recovery," said Rumki Majumdar, Economist, Deloitte India. Majumdar expects inflation to ease in 2023, with an improved supply side situation and global economic weakening leading to falling energy prices.

<https://www.financialexpress.com/economy/inflation-may-cool-off-in-next-2-quarters-another-50-bps-rbi-repo-rate-hike-likely-in-september/2664756/>

India's job market outlook strong for Oct-Dec as 54% companies plan to hire

India's hiring outlook remains strong with 54 per cent of companies planning to hire in next three months amid predictions of growth opportunities for developing countries in the wake of ongoing geopolitical conflicts, says a survey. According to the ManpowerGroup Employment Outlook Survey released on Tuesday, the labour market is indicating strong sentiments for October-December 2022. The survey is based on interviews with more than 40,600 public and private employers across 41 countries and territories to measure anticipated employment trends each quarter. This sample allows for analysis to be performed across specific sectors and regions to provide more detailed information. As per the survey, in India, 64 per cent expect to increase their staffing levels, 10 per cent anticipate a decrease in hiring intent and 24 per cent do not anticipate any change, resulting in a seasonally adjusted Net Employment Outlook of 54 per cent.

https://www.business-standard.com/article/economy-policy/india-s-job-market-outlook-strong-for-oct-dec-as-54-companies-plan-to-hire-122091300406_1.html

India could grow at about 7% annually this decade: CEA Anantha Nageswaran

India should be able to grow at about 7% annually this decade as investment spending is expected to rise and the digital economy picks up, the chief economic adviser said on Tuesday. The government has already said it expects the world's fifth-largest economy to grow at more than 7% this fiscal year, after it expanded by 13.5% in the April-to-June quarter, the fastest pace in a year. Economists, however, say growth is likely to lose momentum in the coming quarters as higher interest rates cool economic activity. "While international agencies are showing our trend growth at 6%, I feel the trend growth will easily be 7% per annum for the remainder of this decade and beyond," said Chief Economic Adviser V. Anantha Nageswaran at an event in New Delhi. "I am taking 6% as the very easily

attainable growth rate and I am adding 0.5% coming from the capex (capital expenditure) pool and another 0.5% will come from the digital public infrastructure that we have created."

https://www.business-standard.com/article/economy-policy/india-could-grow-at-about-7-annually-this-decade-cea-anantha-nageswaran-122091300435_1.html

India's industrial production growth less than estimates: Morgan Stanley

India's industrial production (IP) growth moderated to four month low of 2.4 per cent year-on-year (YoY) in July, from 12.3 per cent YoY in June, partly due to base effect, said Morgan Stanley in a report. This was below its four per cent and consensus 4.2 per cent estimates, said Morgan Stanley. On a seasonally adjusted sequential basis, IP contracted by 7.1 per cent month on month (MoM), versus growth of 2.5 per cent in June. The high-frequency data depicted continued divergence in domestic versus external demand, with the global slowdown impairing trade, financial conditions and business sentiment, said Morgan Stanley.

https://www.business-standard.com/article/economy-policy/india-s-industrial-production-growth-less-than-estimates-morgan-stanley-122091300889_1.html

Banking and Finance

Govt sets up expert committee to suggest ways to scale up venture capital/private equity investments

The government has constituted an expert panel to suggest ways for scaling up of VC/PE investments, according to a circular released on September 13. The six-member panel will be headed by former Securities and Exchange Board of India (SEBI) chairman M Damodaran. The committee will "comprehensively study, using a systems approach, the end-to-end frictions and potential accelerants from regulatory policy and taxation to facilitate ease of investing, as well as to encourage investments in India", the circular stated. The panel will also "review issues, compliances and suggest simplifications and changes" for further accelerating the growth of alternative capital to participate in the VC/PE industry, it added.

<https://economictimes.indiatimes.com/news/economy/policy/govt-sets-up-expert-committee-to-suggest-ways-to-scale-up-venture-capital/private-equity-investments/articleshow/94180737.cms>

F&O trade: SEBI mulling new risk disclosure norms

The Securities and Exchange Board of India is in the process of evaluating enhanced disclosure norms for the futures and options market. Madhabi Puri Buch, Chairperson, SEBI, said that the market regulator was evaluating data with regard to derivatives trading, and the form and manner in which disclosures are to be made in this area. "If somebody wants to trade in the F&O segment we don't think we should stop them....But there is information which SEBI is looking at and evaluating as to what form and manner that (disclosure) needs to be disclosed to the public," Buch said at the 19 th Annual Capital Markets Conference 'CAPAM 2022', organised by FICCI.

While Buch did not divulge any further details, sources said that SEBI and stock exchanges were likely to come out with enhanced data on derivatives trading in India, which would help investors take a better view of the markets. It is also likely that SEBI may prescribe some norms for retail investors for derivatives trading, the sources said.

<https://www.thehindubusinessline.com/markets/sebi-looking-at-new-risk-disclosure-norms-for-fo-segment/article65886727.ece>

States borrowing cost continues to fall for 4th week, down 6 bps to 7.46%

The borrowing cost for the states fell for the fourth consecutive week as the weighted average cut-off eased 6 basis points (bps) to 7.46 per cent at the weekly auctions on Tuesday. Ten states have raised Rs 10,500 crore at the latest auction of state development loans, which is 1.5 per cent higher than indicated in the borrowing calendar, a first in a couple of years. Since the outbreak of Covid, states were borrowing much lower than indicated amount thanks to higher grants from the central government. Last week the Centre released Rs 58,300 crore as tax devolution for July, up from Rs 47,600 crore each in the first quarter. Additionally, the Centre had approved Rs 31,500 crore of special assistance for capital expenditure to 10 states during that month. The weighted average cut-off has eased by 6 bps to 7.46 per cent from the past week, despite the weighted average tenor increasing to 14 years from 13, and the spread between 10-year state debt and the 10-year G-Secs (Government Securities) yield declined to 37 bps from 39 bps last week, according to an analysis by Icria Ratings.

https://www.business-standard.com/article/economy-policy/states-borrowing-cost-continues-to-fall-for-4th-week-down-6-bps-to-7-46-122091300946_1.html

Pace of rate hikes by RBI should be calibrated from here on: Ashima Goyal

The pace of interest rate increases should be calibrated from here on to ensure economic recovery in India does not stall as the central bank tries to bring inflation within its tolerance band, monetary policy committee member Ashima Goyal said. "We need to be very careful that growth is not snuffed out and we don't go into another decade of slowdown," Goyal told Reuters in an interview on Tuesday. Inflation in India has remained above the Reserve Bank of India's 2%-6% tolerance band for eight consecutive months and rose to 7% in August, driven by surging costs of food items. "It has been multiple supply shocks I would say," Goyal said, referring to the current high level of inflation. "And there is generalisation in the sense that it has continued for a long time and some inputs costs have been passed on."

https://www.business-standard.com/article/economy-policy/pace-of-rate-hikes-by-rbi-should-be-calibrated-from-here-on-ashima-goyal-122091300834_1.html

Loan waiver not a benefit, banks exempt from 10% TDS for one-time settlement

Banks will not be required to deduct 10% tax at source (TDS) on one-time settlement (OTS) or loan waivers, the Central Board of Direct Taxes said on Tuesday. CBDT said in a detailed clarification that OTS or loan waiver by a bank will not be treated as a benefit or a perquisite and not face Tax Deducted at Source as they would have to bear the additional cost of tax deduction besides the haircut. The exemption will be available to all public financial institutions, scheduled banks, cooperative banks, rural development banks, state financial corporations, and state industrial investment corporations.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/loan-waiver-not-a-benefit-banks-exempt-from-10-tds-for-one-time-settlement/articleshow/94185009.cms>

Irdai reduces number of returns to be filed by insurers for health insurance

In order to further cut compliance burden for insurance companies, regulator Irdai on Tuesday rationalised health insurance business returns reporting norm by reducing the number of returns that need to be filed in a year. The move is part of promoting ease of doing business for insurance companies and to reduce the compliance burden for all the regulated entities, said the Insurance Regulatory and Development Authority of India (Irdai). Towards this endeavour, the health insurance returns being filed by the insurance companies have been significantly reduced, it said in a circular.

<https://economictimes.indiatimes.com/industry/banking/finance/insure/compliance-relief-irdai-reduces-number-of-returns-to-be-filed-by-insurers-for-health-insurance/articleshow/94183913.cms>

Industry

Govt considering 100% WFH for employees in SEZ units

The government is considering a proposal to allow 100 per cent work from home (WFH) for employees in Special Economic Zones (SEZs) across sectors, Commerce & Industry Minister, Piyush Goyal has said. If implemented, this will spell a big relief for IT/ITES and other units in SEZs who have been struggling with the WFH rules for SEZs specified in July this year, allowing only up to 50 per cent of the workforce to work from home.. Goyal said that the government had allowed WFH for units in SEZs when Covid was at its peak and employees were not able to come to office for work. "Our decision was much appreciated. Because of this, our services exports increased rapidly last year to \$254 billion. This year, there will be a bigger jump," the Minister said, talking to the media on the side lines of the Board of Trade meeting on Tuesday. The Commerce & Industry Ministry and the Finance Ministry are already in advanced discussions on the matter of allowing 100 per cent WFH for SEZ units, a source tracking the matter said.

<https://www.thehindubusinessline.com/economy/govt-considering-100-wfh-for-employees-in-sez-units/article65886922.ece>

Auto industry gears up for a grand festive season as supply bottleneck clears

Consumers waiting to drive home their dream vehicles may get some reprieve from long waiting period in the coming months with automakers looking at scaling up production as supply chain bottlenecks have started clearing. The

demand-supply mismatch in the industry, which has hit most companies hard, due to the global shortage of semiconductors is likely to ease out in the next six months, reducing the waiting period significantly, industry executives said. "Production has already moved up meaningfully in recent months, so the deliveries are likely to be healthy in the festive season," said Tarun Garg, director (sales, marketing and service) at Hyundai Motor India.

<https://economictimes.indiatimes.com/industry/auto/auto-news/auto-industry-gears-up-for-a-grand-festive-season-as-supply-bottleneck-clears/articleshow/94183687.cms>

Now, vehicle resellers to be regulated

Intermediaries that sell used vehicles will now need to notify authorities about the sale process. Information will first have to be shared the moment a dealer takes up a vehicle for resale. This is part of a government proposal to regulate and monitor the resale of vehicles, a senior official told ET. Online and offline intermediaries will also need to register with state transport departments, according to the proposed regulations. "It will be mandatory for all used car or bike dealers to notify authorities about any vehicles they intend to resell...A used vehicle dealer will also have to register their organisation with the state transport department," the official said.

<https://economictimes.indiatimes.com/industry/auto/auto-news/now-vehicle-resellers-to-be-regulated/articleshow/94185497.cms>

Retail sales in shopping malls to grow 29% annually to reach \$39 bn by FY28

Retail sales in shopping malls across top eight cities are expected to grow 29 per cent annually to reach USD 39 billion by 2027-28 fiscal on consumption growth and opening of new malls, according to a property consultant. Knight Frank on Tuesday released a report 'Think India, Think Retail 2022 - Reinventing Indian Shopping Malls' at a webinar. "The organised retail sales volume in the top 8 Indian cities is estimated to grow at a CAGR of 17 per cent from USD 52 billion in FY 2022 to USD 136 billion by FY 2028," the report said. In the same period, the consultant said that the potential retail sales in Indian malls are estimated to grow at a CAGR (Compound Annual Growth Rate) of 29 per cent in the FY2022-28 period reaching USD 39 billion by FY2028. Retail sales in malls across the top 8 cities -- Mumbai, National Capital Region (NCR), Bengaluru, Hyderabad, Chennai, Pune, Kolkata and Ahmedabad -- grew at a CAGR of about 3 per cent to reach USD 8 billion in FY2022.

https://www.business-standard.com/article/economy-policy/retail-sales-in-shopping-malls-to-grow-29-annually-to-reach-39-bn-by-fy28-122091300535_1.html

Organised food, grocery retailers' revenues to grow 20% YoY in FY23: Crisil

Brick-and-mortar food and grocery retailers will see 20 per cent revenue growth this financial year, which is the same growth clocked the previous financial year, according to a report by Crisil Ratings. The rating agency said that higher realisation is due to commodity inflation, market share from the unorganised segment. Also, despite heightened competition from quick commerce players, revenue of food and grocery retailers will be higher by 38 per cent compared to FY20. The report also said that operating margins are expected to sustain at 6.3-6.8 per cent due to better economies of scale, gradual pass-through in input prices in spite of normalisation of store rentals. In FY21 when the pandemic induced restrictions led to revenue degrowth and margins dropped to 5.5 per cent, margins remained largely in the 6-7 per cent range. Retailers are also expanding their presence in tier II and tier III cities while also expanding in metros and tier I cities. The area under operations grew by 40 per cent over the past two financial years as retailers continued to expand despite the pandemic as they took advantage of lower real estate prices.

https://www.business-standard.com/article/economy-policy/organised-food-grocery-retailers-revenues-to-grow-20-yoy-in-fy23-crisil-122091300876_1.html

Agriculture

Excess output hits onion garlic farmers

Farmers growing garlic and onions are making losses due to excess production, subdued demand, lower exports, and increased cost of production inflicted by excess rainfall. Although, tomato prices have started improving since last week, farmers fear losses due to rainfall induced damages. "Wholesale garlic prices have been ruling in the range of Rs 10-40/kg for two months, which makes it unviable for the farmers, who have to bear the logistics, packaging and other costs," said Pravin Kumar Dhamija, a garlic trader from the Azadpur Agricultural Produce Market

Committee (APMC) in Delhi. Farmers from Madhya Pradesh, the largest garlic growing state, are struggling to recover the cost of production, forcing the state government to constitute teams for exploring markets in other states.

<https://economictimes.indiatimes.com/news/economy/agriculture/excess-output-hits-onion-garlic-farmers/articleshow/94183550.cms>

Infrastructure

India's national logistics policy set for release on September 17: Some key details

India's national logistics policy will be released by Prime Minister Modi on September 17. The policy was first announced in Budget 2020. The aim of the new policy is to facilitate seamless movement of goods across the country, Commerce and Industry Minister Piyush Goyal said. "On September 17, the prime minister is going to release the country's logistics policy," Goyal said while addressing the members of the Board of Trade. The expected focus areas in the policy include process re-engineering, digitisation, multi-modal transport, etc.

<https://economictimes.indiatimes.com/news/economy/policy/indias-national-logistics-policy-set-for-release-on-september-17-some-key-details/articleshow/94182460.cms>

Highway construction down 13% in April-Aug; 2,911 km built

Construction of national highways fell by 13% on year to 19.4 km a day in the first five months of the current fiscal, against 22.3 km a day achieved in the corresponding period last fiscal. This means that construction has to grow at a scorching pace of 55 km a day in the remaining period to achieve the target of building 40 km per day set by the government for the current fiscal. All executing agencies, including the National Highways Authority of India (NHAI), have together built 2,911 km of highways during the April-August period of the current fiscal, as against 3,355 km in the same period last fiscal. The pace of construction in the current year so far has been the slowest in comparable periods in recent years. "The execution in August is higher when compared to last year. However, considering the lag in execution in the first four months, the overall execution is lower in the five months of FY23. That said, the pace of construction is likely to improve sharply post the monsoon season starting Q3. This year the execution should be around 13,000 km (35.6 km a day)," said Ica's Rajeshwar Burla.

<https://www.financialexpress.com/infrastructure/roadways/highway-construction-down-13-in-april-aug-2911-km-built/2664423/>

States

Indore to become the country's first 'Smart City' with 'Smart Addresses'

This year, Indore will create history by implementing a fully digital addressing system, making it the first city in India to do so. The smart city advanced significantly when a memorandum of understanding was signed with the firm Pataa Navigations. The Memorandum of Understanding is signed by Rajat Jain, co-founder of Pataa Navigations, and Rishav Gupta (IAS), CEO of Indore Smart City. Pataa has developed patented technology and is working with the Indian Space Research Organization (ISRO) to develop a digital addressing system for the nation. Pataa is a brief and distinctive code, comparable to KUMAR100, SINGH221, or other commonly used codes, that will help the user find the specific geotagged location. Users of the Pataa App can upload images of their homes, landmarks, etc., along with their addresses in the full text. Additionally, the user has the option to record voice instructions, which eliminates the need to repeat the address over the phone and makes it simpler for the guest to find the location. In the future, the user will be able to share a short code rather than sharing their lengthy and whole address with everybody, which is a huge benefit of anything like this.

<https://www.financialexpress.com/infrastructure/indore-to-become-the-countrys-first-smart-city-with-smart-addresses/2665207/>

Healthcare

Essential medicines list updated, adds 34 new drugs and drops 26

As many as 34 new drugs were added and 26 dropped from an updated list of essential medicines that will lead to prices being fixed, said the government on Tuesday. The National List of Essential Medicines (NLEM 2022) has 384 drugs, up from 376 covered in 2015. "Drafting this list is a lengthy process, and around 350 experts from across India

have held over 140 consultation meetings to draft the NLEM 2022,” said Union Health Minister Mansukh Mandaviya. Most drugs in NLEM 2022—it will guide the National Pharmaceutical Pricing Authority (NPPA) to cap medicine prices—are anti-infectives (antibiotics, antifungal etc), medicines to treat diabetes, HIV, TB, contraceptives, hormonal medicines, some blood clotting disorders related medications, and anesthetics. Common antibiotics like meropenem, Cefuroxime, popular anti-diabetic drugs like insulin Glargine, and teneligliptin are part of the NLEM 2022. Covid-19 medications and vaccines are not made a part of NLEM 2022 as these are under emergency use authorization (EUA) and more studies are required to understand the efficacy and drug profiles of these, said Y K Gupta, a pharmacologist, and vice chairperson of the Standing National Committee on Medicines (SNCM), which drafted NLEM 2022.

https://www.business-standard.com/article/companies/essential-medicines-list-updated-adds-34-new-drugs-and-drops-26-122091300552_1.html

Medical device makers may be exempted from packaging rules

Licensed manufacturers of medical devices are likely to be exempted from the Legal Metrology (Packaged Commodities) Rules, 2011 that mandates that every package must bear the name, address, telephone number, email of persons or of office that can be contacted in case of consumer complaints. The Department of Pharmaceuticals, which has reconstituted the National Medical Devices Promotion Council, will hold its first meeting on Wednesday. On the council's agenda is discussion around "exemption of licensed manufacturers of medical devices from the Legal Metrology (Packaged Commodities) Rules, 2011". The reconstitution comes after the Department for Promotion of Industry & Internal Trade (DPIIT) under the Ministry of Commerce and Industry, which was heading the Council from its inception, decided to hand over the onus. The meeting will be attended by representatives of industry associations and government officials.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals/medical-device-makers-may-be-exempted-from-packaging-rules/articleshow/94185619.cms>

External

After a flat growth last fiscal, Indian pharma exports back on a growth path

After registering a flat growth last fiscal, India's pharmaceutical exports are back on a growth path this fiscal, despite geopolitical challenges in global markets. Pharma exports are set to breach the \$25 billion mark in total exports during this financial year. "The exports have grown by about 6 per cent till August this fiscal as per provisional data," R Uday Bhaskar, Director General, Pharmaceuticals Export Promotion Council (Pharmexcil) told BusinessLine. The total exports increased 5.83 per cent in April - August 2022 to \$10,523 million, compared to \$9,943 million in the same period in previous year, he said.

<https://www.thehindubusinessline.com/economy/after-a-flat-growth-last-fiscal-indian-pharma-exports-back-on-a-growth-path/article65885936.ece>

Soyameal exports down 67% at 6.25 lakh tonnes during Oct-August

Soyameal exports during the first 11 months of oil year 202-22 (Oct-Sept) stood at 6.25 lakh tonnes, down 67 per cent over 19.12 lakh tonnes recorded in the same period in the previous year. Though the soyabean meal exports have reversed the trend in the last two months, registering a growth, overall shipments for the oil year are likely to remain lower than last year. Lower soyameal crushing during the year, coupled with higher domestic prices contributed to the decline in shipments. Soyabean meal crushing during the October-August period stood at 74 lakh tonnes, down 20 per cent over 92 lakh tonnes in the same period a year ago, as per the latest supply-demand data released by the Soyabean Processors Association of India (SOPA), the apex trade body for the oilseed..

<https://www.thehindubusinessline.com/economy/agri-business/soyameal-exports-down-67-at-625-lakh-tonnes-during-oct-august/article65886647.ece>

India's August sunflower oil imports up 89.6%; Russia, Argentina major suppliers

After the Ukraine crisis, Russia and Argentina have emerged as major suppliers of sunflower oil to India as imports of the cooking oil jumped 89.6 per cent to 1.35 lakh tonnes in August, according to Solvent Extractors Association. India, the world's leading vegetable oil buyer, is dependent on imports of sunflower oil, which constitutes 16 per cent of the total edible oil imports. Before the Russia-Ukraine crisis, 70 per cent of the sunflower oil imported by

India used to come from Ukraine, while 20 per cent from Russia. But imports have been severely affected after the invasion of Ukraine by Russia in late February this year. "Russia and Argentina turn to be major suppliers of sunflower oil to India," industry body Solvent Extractors Association (SEA) said in a statement. In August this year, India imported about 1,35,000 tonnes of sunflower oil mainly from Russia, and Argentina and a small quantity from Turkey, which was 89.6 per cent higher than 71,340 tonnes in the same month of the previous year, it said.

<https://www.financialexpress.com/economy/indias-august-sunflower-oil-imports-up-89-6-russia-argentina-major-suppliers/2665508/>