



September 23, 2022 – Friday

### Key Developments

#### **Govt relaxes impact assessment fee cap for CSR projects, allows cos to spend over ₹50 lakh**

The Corporate Affairs Ministry (MCA) has now taken several measures to give a further boost to CSR spending by corporates. Now, there is clarity on the entities through which CSR obligations could be fulfilled, and the Ministry has also revised the existing cap on the fees that could be paid by corporates for impact assessment. The latest move allows companies to undertake CSR activities through approved entities, such as funds or institutions established for charitable purposes, institutions established wholly for public religious/charitable purposes, universities or other educational institutions existing solely for educational purposes, and certain hospitals /other medical institutions. Also, the rule change on impact assessment would enable corporates to pay more than ₹50 lakh for impact assessment, which, in January 2021, was made mandatory for companies with a CSR budget of ₹10 crore or more in a fiscal year and projects with outlays of ₹1 crore or more. It may be noted that rules prohibit companies from doing a self-assessment on the impact of their CSR spend. The impact assessment has to be undertaken by an independent agency.

<https://www.thehindubusinessline.com/economy/fillip-to-csr-govt-relaxes-impact-assessment-fee-cap-for-csr-projects-allows-cos-to-spend-over-50-lakh/article65922986.ece>

### Economy

#### **Rs 58.5K cr of taxes lost in 5 industries due to illicit trade: FICCI study**

Illicit trade in five key industries caused the Indian exchequer a tax loss of Rs 58,521 crore, and also resulted in the loss of 1.6 million jobs, according to a report by the Federation of Indian Chambers of Commerce & Industry (FICCI) released on Thursday. The report, titled 'Illicit Markets: A Threat to Our National Interests', pegged the size of the illicit market in the five industries – mobile phones, household and personal goods, packaged foods, tobacco products, and alcoholic beverages – at Rs 2.6 trillion in 2019-20. According to the report by FICCI's Committee Against Smuggling and Counterfeiting Activities Destroying the Economy (CASCADE), the "two highly regulated and taxed industries, tobacco products and alcoholic beverages, [accounted] for nearly 49 per cent of the overall tax loss"

[https://www.business-standard.com/article/economy-policy/rs-58-5k-cr-of-taxes-lost-in-5-industries-due-to-illicit-trade-ficci-study-122092200975\\_1.html](https://www.business-standard.com/article/economy-policy/rs-58-5k-cr-of-taxes-lost-in-5-industries-due-to-illicit-trade-ficci-study-122092200975_1.html)

#### **India's GDP to grow at 7.5% in FY23 despite developed-economy recession; inflation to stay above 6% till Nov**

India's export outlook looks weak going forward amid global headwinds. Since exports were the key peg for strong real GDP growth in the first half of the current financial year, when domestic demand was in the early stages of its climb back to pre-covid levels, analysts at ICICI Securities have lowered their real GDP growth forecast for FY23 to 7.5%. As oil prices moderate, the fiscal and current account deficits are expected to moderate sharply in H2FY23. "Private investment should continue to accelerate in FY24, enabling real GDP growth of 8.3% despite the slowdown in export growth amid the US-led developed-economies' recession in FY24," analysts said. Amid global headwinds such as high fuel and food prices, central government has taken some unexpected supply-side measures to fight inflation, including export duties on petroleum products, on iron and steel products, and a windfall tax on crude oil,

and some refinery products. Export growth is being held back by the export duties on iron and steel, and on petroleum products, said ICICI Securities. According to the brokerage firm, export duties, although imposed by many countries amid this year's unusual circumstances, are a retrograde step, they hurt the long-term credibility of local exporters, and can "cause lasting damage in the highly-competitive export markets, in which India had been gaining ground in CY21 and H1CY22".

<https://www.financialexpress.com/economy/indias-gdp-to-grow-at-7-5-in-fy23-despite-developed-economy-recession-inflation-to-stay-above-6-till-nov/2684084/>

#### **Retail inflation in Sept to rise to five-month high at 7.4%: Deutsche Bank**

India's headline retail inflation is expected to rise to a five-month high of 7.4% in September, with the risk of going higher if the momentum of food and vegetable prices picks up further in the rest of the month, Deutsche Bank said. "Our nowcasting exercise reveals that CPI inflation is tracking around 7.4% yoy in September vs. 7.0% yoy in August," chief India economist Kaushik Das said in a note dated Sept. 20. The foreign bank expects inflation to average at 7% in October-December and 6.4% in January-March, with a full-year average projection of 6.9%, higher than the RBI's 6.7% estimate.

[https://www.business-standard.com/article/economy-policy/retail-inflation-in-sep-to-rise-to-five-month-high-at-7-4-deutsche-bank-122092200410\\_1.html](https://www.business-standard.com/article/economy-policy/retail-inflation-in-sep-to-rise-to-five-month-high-at-7-4-deutsche-bank-122092200410_1.html)

### **Banking and Finance**

#### **Microfinance disbursements slowed in Q1 FY23 after new regulations: MFIN**

Microfinance loan disbursement by non-banking companies and micro finance institutions (NBFC-MFIs) slowed down sequentially to Rs 22,745 crore in April-June 2022 from Rs 30,731 crore in January-March 2022 as lenders adapted to new regulatory norms. Yet, NBFC-MFIs were able to grow their gross loan portfolio (GLP) by 2.01 per cent quarter-on-quarter (QoQ) to Rs 98,508 crore at end of June 2022. Their loan book expanded by 30.1 per cent year-on-year (YoY) from Rs 75,677 crore, according to data from Microfinance Institutions Network (MFIN). Micro loan disbursement by NBFC-MFIs stood at Rs 6,279 crore in April-June 2022 (Q1 FY22). This was the quarter when the second wave of Covid-19 pandemic and restrictions imposed to curb the disease spread disrupted economic activity.

[https://www.business-standard.com/article/finance/nbfc-mfis-loan-disbursement-drops-to-rs-22-745-cr-in-q1fy23-mfin-data-122092200750\\_1.html](https://www.business-standard.com/article/finance/nbfc-mfis-loan-disbursement-drops-to-rs-22-745-cr-in-q1fy23-mfin-data-122092200750_1.html)

#### **Bank GNPA's may touch decadal low of about 4% next fiscal**

Gross non-performing assets (GNPA's) of banks is expected to improve 90 basis points (bps) to about 5 per cent this fiscal, and another 100 bps to a decadal low of about 4 per cent by March 31, 2024, riding on post-pandemic economic recovery and higher credit growth, according to CRISIL ratings. CRISIL observed that the asset quality of the banking sector will also benefit from the proposed sale of NPAs to the National Asset Reconstruction Company (NARCL). "That said, not all segments will perform equally well. The biggest improvement will be in the corporate segment, where gross NPAs is seen falling below 2 per cent next fiscal from a peak of about 16 per cent as on March 31, 2018," the agency said in a statement. Krishnan Sitaraman, Senior Director and Deputy Chief Ratings Officer, CRISIL Ratings, noted that the steady improvement in corporate asset quality is reflected in the credit quality of bank exposures.

<https://www.thehindubusinessline.com/money-and-banking/banks-gnpas-may-touch-decadal-low-of-about-4-next-fiscal/article65917660.ece>

### **Industry**

#### **Falling input costs unlikely to boost consumer goods cos' margins, say analysts**

The softening of raw material prices may not significantly increase margins of consumer goods makers in the next two quarters as initially expected because an increase in advertisement spending, consumer offers and discounts to revive demand in the crucial festive season amid higher freight cost would bite, company executives and analysts said. Fast moving consumer goods (FMCG) and white goods makers said there will be a sequential improvement in margins in the second half (October-March) of the fiscal compared to the first half (April-September), but it is unlikely

to reach the peak or the normal margin levels as it was initially expected. "There has been a cooling of some input prices like edible oil, but most others like wheat are still at an elevated level. While brands were struggling with inflation in the first half, they will increase spending on areas like advertising in festive season, value and volume promotion and trade schemes. So, there will not be much retention of profitability," said B Krishna Rao, senior category head at India's largest biscuits maker Parle Products.

<https://economictimes.indiatimes.com/industry/cons-products/fmcf/falling-input-costs-unlikely-to-boost-consumer-goods-cos-margins-say-analysts/articleshow/94383183.cms>

#### **US ban on China cotton hurting India's yarn spinning industry**

The US ban on textiles originating from the Xinjiang province of China has compounded the problems for India's cotton yarn spinning industry, with half of the mills becoming idle in the past four to five months. The Chinese yarn that can't go to the US is now finding its way into the Indian market at cheaper rates, further reducing demand for expensive domestic Indian cotton yarn that has already been down. Indian cotton has been one of the cheapest in the world till September 2021, when Indian as well as global cotton prices started rising. In September 2021, prices were around ₹51,000 a candy (of 356 kg). Then it reached around ₹1.1 lakh by April this year. During these seven months, the pace of increase of Indian cotton prices was much faster than that of global cotton, which made Indian yarn uncompetitive.

<https://economictimes.indiatimes.com/industry/cons-products/garments-/textiles/us-ban-on-china-cotton-hurting-indias-yarn-spinning-industry/articleshow/94383701.cms>

#### **With 26,000 MSMEs in fragrance sector, MSME Secy calls for sustainable supply chain to boost local, export demand**

MSME Secretary BB Swain has called for building a sustainable supply chain and strengthening each link in it for the fragrance sector in India which is seeing a growing local and export demand. "The industry has an inherent potential to grow and meet the demands not just in India but outside too," Swain said speaking at a FICCI event on the fragrance sector on Wednesday. "The ministry would like to lend all the support for the growth and development of the fragrance industry in India," said Swain, with 26,000 enterprises registered as MSME in the fragrance and flavour sector. The secretary emphasized handholding MSMEs with suitable interventions in sustainable technology and infrastructure. Sanjiv Mehta, CEO & MD at Hindustan Unilever and President of FICCI urged the fragrance industry to focus on sustainable and safe ingredients for the cosmetic and personal care industry and also enlarge the pool of trained perfumery professionals. "Develop standards with the support of BIS and Indian industry to achieve highest safety standards so that our products are recognised safe not just in the domestic market but globally too," he said.

<https://www.financialexpress.com/industry/sme/msme-eodb-with-26000-msmes-in-fragrance-sector-msme-secretary-calls-for-sustainable-supply-chain-to-boost-local-export-demand/2686429/>

#### **PLI 2.0 for textiles may see incentives for bed spreads, blankets and textile accessories manufacturers**

The government in the second edition of the production-linked incentive (PLI) scheme for textiles may introduce incentives for manufacturing of garments and home textiles such as blankets and bed spreads, and textile accessories like lace, button, and zippers, as per a report by The Economic Times. The Ministry of Textiles is considering three investment thresholds of Rs 15 crore, Rs 30 crore and Rs 45 crore, with double turnover as the criteria for incentives that would range between 8% and 10% under the ₹4,200 crore scheme. "The scheme will attract investment and reduce the import dependence in textile accessories," said an official. He added that such value addition sectors are labour-intensive that require low investment but have a high potential to create jobs.

<https://www.financialexpress.com/industry/sme/msme-eodb-pli-2-0-for-textiles-may-see-incentives-for-bed-spreads-blankets-and-textile-accessories-manufacturers/2686495/>

#### **Diwali sets in early for malls, apparel & lifestyle retailers**

Clothing and lifestyle retailers as well as malls said they are seeing a record growth in sales in the past few weeks despite the inauspicious shraadh period, and expect demand at a decadal high during the festive season starting with Navratri next week. "The demand that we are currently seeing is the highest ever since we entered the country and a host of factors, including positive consumer sentiment and fresh merchandise, is driving sales," said Devarajan Iyer, chief executive of Lifestyle International. "We expect festive season sales to be a bumper one this year with

strong double-digit growth despite no discounting." The massive wardrobe refresh after the reopening of office and social gatherings helped. Mall operators also attributed the surge to this being the first normal festive period after two years of Covid stress. Retail businesses across India reported a growth of 15% in sales in August compared with pre-pandemic levels (August 2019), according to a survey by the Retailers Association of India (RAI).

<https://economictimes.indiatimes.com/news/company/corporate-trends/diwali-sets-in-early-for-malls-apparel-lifestyle-retailers/articleshow/94385040.cms>

### **Companies push towards workforce formalisation**

An increasing number of companies in sectors such as fast moving consumer goods (FMCG), consumer durables, healthcare and pharmaceuticals are pushing towards formalising their workforce, according to a report based on a study by staffing firm TeamLease. The report on 'Reinventing business with workforce formalisation' highlights that 59% of companies across these industries intend to formalise the informal part of their workforce. This cohort includes 37% companies from FMCG, 36% from FMCD and 27% from healthcare and pharmaceuticals sectors. A large number of the employers cited that managing an informal workforce has become extremely challenging with 45% stating that the primary challenge is to manage wages, while 21% employers find persistent skill gaps among the workforce. About 15% of employers have also cited frequent absenteeism as a challenge.

<https://economictimes.indiatimes.com/news/company/corporate-trends/companies-push-towards-workforce-formalisation/articleshow/94367635.cms>

## **Agriculture**

### **Sugarcane production estimate conservative despite projections of record crop**

The first advance estimate of sugarcane output released by the Agriculture Ministry projects that at least 33 million tonnes (mt) of additional sugarcane will be available for crushing that can produce a minimum of 3 mt of sugar more in the next season starting October 1. In the current sugar season (October-September), sugar production has been pegged at 35.37 mt until July 15 and an additional 3.5 mt has been diverted towards ethanol taking the effective output to 38.9 mt. Next season, the sugar for ethanol has been estimated at 4.5 mt by the Indian Sugar Mills Association (ISMA). So, sugar production (excluding ethanol) is likely to exceed 37 mt, said an industry official. The preliminary forecast of ISMA has pegged the output at 35.5 mt next season.

<https://www.thehindubusinessline.com/economy/agri-business/sugarcane-production-estimate-conservative-despite-projections-of-record-crop/article65922637.ece>

### **Prices of rice may continue to go up, says govt**

Local prices of rice may continue to go up, the govt said on Thursday, attributing the projected rise to low kharif production forecast and 11 per cent surge in export of non-basmati variants. As on September 19, retail price of rice showed an increase of 0.24 per cent over the week, 2.46 per cent over the month and 8.67 per cent over the year, the govt said. On an average of five years, there is an increase of 15.14 per cent, it said. The food ministry added that the recent changes in rice export rules "have helped keep a check on domestic prices" without reducing the availability for exports.

<https://economictimes.indiatimes.com/news/economy/agriculture/prices-of-rice-may-continue-to-go-up-says-govt/articleshow/94382141.cms>

## **Energy**

### **India plans to set up strategic gas reserve amid global energy crisis**

Amid a deepening global energy crisis, India is planning to set up a strategic gas reserve on the lines of its strategic petroleum reserve (SPR), *LiveMint* reported on Thursday. According to the report, the government is planning to utilise existing liquefied natural gas (LNG) tunnels and exhausted oil wells and also planning to build new underground infrastructure similar to the large salt caverns for SPR. India has 5.33 million tonnes (MT) of underground strategic oil reserve facilities in Visakhapatnam, Mangalore, and Padur. The Centre can choose reserves close to the pipeline infrastructure so that fuel can be easily transported in times of need, *LiveMint* reported, quoting government officials.

[https://www.business-standard.com/article/economy-policy/india-plans-to-set-up-strategic-gas-reserve-amid-global-energy-crisis-122092200509\\_1.html](https://www.business-standard.com/article/economy-policy/india-plans-to-set-up-strategic-gas-reserve-amid-global-energy-crisis-122092200509_1.html)

## Telecom

### **New data protection bill draft in next few days: IT Minister Ashwini Vaishnaw**

The government will be coming out with a fresh draft of the data protection bill in the next few days, Union IT Minister Ashwini Vaishnaw said on Thursday. Inputs received from various stakeholders have been considered while formulating the bill, Vaishnaw said at the third edition of the Global Fintech Fest. "It's a matter of a few days only when the bill will be uploaded for consultation," he said.

<https://www.financialexpress.com/industry/technology/new-data-protection-bill-draft-in-next-few-days-it-minister-ashwini-vaishnaw/2686571/>

## States

### **Centre approves financial assistance for 16 projects of PM Gati Shakti Plan in UP**

The centre on Thursday approved assistance of more than Rs 1,000 crore for Uttar Pradesh for 16 projects under its Special Assistance to States for Capital Expenditure scheme introduced last year to help states with resources for capital investment and projects under PM Gati Shakti Plan, in the wake of Covid-19. The decision was taken at a meeting of the screening committee on Annual Action Plan organised by the Department for Promotion of Industry and Internal Trade (DPIIT) under the chairmanship of Amrit Lal Meena, special secretary, logistics, union department of commerce and industry. 16 projects under the Gorakhpur Industrial Development Authority (GIDA), Noida, Yamuna Expressway Industrial Development Authority (YEIDA) and Greater Noida Industrial Development Authority (GNIDA) will be provided central financial assistance under the scheme. Total project cost of the projects which includes an industrial corridor in Gorakhpur, development of industrial parks along the Yamuna Expressway in addition to toy parks, apparel parks, MSME parks there, etc., as well as development of industrial parks in Greater Noida, among other projects, is Rs 4559.83 crore, out of which the government has approved required assistance of Rs 1068.79 crore for the fiscal year 2022-23. The projects are expected to be completed between 2023 and 2026.

<https://economictimes.indiatimes.com/news/india/centre-approves-financial-assistance-for-16-projects-of-pm-gati-shakti-plan-in-up/articleshow/94385474.cms>

### **Tamil Nadu sellers get orders worth Rs 7,400 cr through GeM**

Sellers in Tamil Nadu received orders to the tune of Rs 7,400 crore through the Government e-Marketing (GeM) portal, a top official told PTI on Wednesday. The figure was revealed at the backdrop of 'GeM Seller Samvaad' jointly organised by the GeM portal and Press Information Bureau in Chennai. Vijendra Pandian, Commissioner, Tamil Nadu Treasuries and Accounts Department, said that Tamil Nadu has done transactions worth Rs 1,108 crore through GeM since 2014 and over Rs 7,400 crore sales have been done by sellers in the state, according to PTI.

<https://www.financialexpress.com/industry/sme/msme-eodb-tamil-nadu-sellers-get-orders-worth-rs-7400-cr-through-gem/2686448/>

## External

### **India defends its decision to ban rice, wheat exports at WTO**

India has defended its decision to ban export of wheat and rice at a WTO meeting even as some member countries have flagged concerns over the country's stand, an official said. At a meeting last week in Geneva, Senegal, the US and the European Union raised questions over this decision, stating it could have adverse implications on global markets. In May, India restricted export of wheat to enhance domestic availability. This month, it also banned export of broken rice and imposed a 20 per cent export duty on non-Basmati rice except for parboiled rice to boost domestic supplies amid a fall in area under paddy crop in the current kharif season. Defending its decision, India clarified that the ban on export of broken rice, which is used in poultry feed, follows a rise in the grain's exports in recent months which put pressure on the domestic market. In the case of wheat, food security concerns necessitated export curbs. "India has also stated that the measures are temporary in nature and under continuous monitoring," the official

said. Senegal, a major importer of India's broken rice and other rice products, urged India to keep trade open in these difficult times to ensure food sufficiency, the official added.

<https://www.financialexpress.com/economy/india-defends-its-decision-to-ban-rice-wheat-exports-at-wto/2684059/>

#### **Centre issues guidelines to test rice export samples to check violation of curbs**

Customs officials will draw samples of rice meant for exports as part of the Centre's efforts to prevent any violation of the curbs imposed by the Government on the foodgrain's exports. On Thursday, the Commissioner of Customs in Chennai issued a circular providing standard operating procedure (SOP) for drawl of rice samples in export consignments. The move followed after field officers complained of difficulties faced by them in verifying the consignments before clearance them. It also comes after some consignments were allegedly found to be violating the restrictions by declaring as parboiled rice. Sources said some brokers were active in Chennai offering to export white rice in the garb of parboiled rice and at least 50 such consignments had entered Chennai and other ports around it. The circular said: "In order to streamline the Customs clearance it is decided to put in place procedure for sampling and testing of rice samples for ascertaining correct description and HS code."

<https://www.thehindubusinessline.com/economy/agri-business/centre-issues-guidelines-to-test-rice-export-samples-to-check-violation-of-curbs/article65923008.ece>

#### **Covid diagnostics IP waiver, WTO reforms key: India tells G20**

India has called for the G20 to discuss crucial issues mandated by the World Trade Organization including reforms of the multilateral trade watchdog and extension of TRIPS waver to cover the production and supply of Covid-19 diagnostics and therapeutics within the agreed timeframe of six months. At the G20 Trade, Investment and Industry Ministerial Meeting in Bali, commerce and industry minister Piyush Goyal also batted for a fair, transparent and rules-based multilateral trading system, the government said on Thursday. "He also asked members to be conscious that our fisheries negotiations and a permanent solution to public stockholding, a permanent solution to e-commerce moratorium amongst other agendas required their urgent attention and decisions," the commerce and industry ministry said in a statement, quoting Goyal.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/covid-diagnostics-ip-waiver-wto-reforms-key-india-tells-g20/articleshow/94381734.cms>

#### **India-Australia FTA: Aussie companies scout for greater opportunities in India**

With the India-Australia Free Trade Agreement (FTA) close to being implemented, a 100-member business delegation, led by the Australian Trade and Investment Commission (Austrade), will visit India later this month to scout for fresh opportunities across sectors such as agriculture, food and wine, critical minerals, digital health and infrastructure. "This year's Australia-India Business Exchange (AIBX) has been framed keeping in mind that we have got the Australia India Economic Cooperation and Trade Agreement (AI-ECTA) almost in place. At Austrade, we want to source Australian businesses that can complement Indian needs. Our focus is on top end of the market for premium products. We are looking at complementarity of markets and not competition," said Catherine Gallagher, Senior Trade Commissioner, Austrade. "The AI-ECTA deal signed in April gives Australian companies a head-start in Indian markets. By reducing tariffs and barriers to trade, AI-ECTA will improve two-way market access for Australian businesses. This comes as Indian markets become ever more open to overseas products, brands and services," according to a statement.

<https://www.thehindubusinessline.com/economy/india-austalia-fta-aussie-companies-scout-for-greater-opportunities-in-india/article65922964.ece>

#### **IBSA Ministers voice serious concern over Ukraine conflict ahead of BRICS meet**

India, Brazil and South Africa, ahead of BRICS Foreign Ministers meet that also includes them besides Russia & China, have jointly voiced serious concern at the ongoing conflict and humanitarian crisis in Ukraine, reiterating their call for an immediate cessation of hostilities and pursuing the path of diplomacy.

External Affairs Minister S Jaishankar on Wednesday hosted the 10th India-Brazil-South Africa (IBSA) Trilateral Ministerial Commission Meeting along with Brazil's Minister of Foreign Affairs Carlos Alberto Franco Franca and Dr Joe Phaahla, Minister of Health of the Republic of South Africa on the sidelines of the UN General Assembly session in New York.



<https://economictimes.indiatimes.com/news/india/ibsa-ministers-voice-serious-concern-over-ukraine-conflict-ahead-of-brics-meet/articleshow/94385547.cms>

**India initiates safeguard probe into sudden jump in imports of certain plastics**

India has started a safeguard probe into sudden increase in imports of certain kind of plastics, following a complaint by domestic industries. The Directorate General of Trade Remedies (DGTR) has initiated the investigation into imports of 'PVC suspension resins with residual VCM above 2 PPM', which is used in different industries such as pipes, packaging, wiring and insulations, and medical products. According to a notification of the DGTR, Chemplast Cuddalore Vinyls, and DCW Ltd have filed an application to initiate the probe. They have alleged that there has been a sudden, sharp and recent increase in the volume of the imports in India which has started causing serious injury to the domestic industry and is posing threat of further aggravated injury, it said.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-initiates-safeguard-probe-into-sudden-jump-in-imports-of-certain-plastics/articleshow/94373549.cms>