



October 07, 2022 – Friday

Key Developments

New CSR disclosure rules let companies omit key details

A notification by the Ministry of Corporate Affairs (MCA) has limited the information companies must disclose on expenditures toward corporate social responsibility (CSR) in their annual reports. Among other things, the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2022, issued on September 20, has revised Annexure II - the format in which CSR activities are disclosed in the annual report. The revised Annexure II excludes details concerning the companies' expenditure toward ongoing and other CSR projects. The details omitted include the name, the location and duration of the company's CSR project, the amount allocated for the project, the amount spent in the current financial year on the project, mode of implementation, the name of the implementing agency along with their CSR registration number and amount transferred to the unspent CSR account.

<https://economictimes.indiatimes.com/news/company/corporate-trends/new-csr-disclosure-rules-let-companies-omit-key-details/articleshow/94690487.cms>

Economy

India's services activity cools to 6-month low in Sep; job creation slows

India's services activity expansion fell to a six-month low in September as new business inflows and output increased at the slowest rates since March, amid inflationary pressures and competitive conditions that, in turn, dampened job creation. The Purchasing Managers' Index (PMI) for the services sector released by S&P Global dipped to 54.3 in September, from 57.2 in August, as weak external demand weighed on overall sales, with international orders declining further during the month. A print above 50 in the survey denotes expansion. Below that mark, it suggests contraction in services activity. "Softer increases in output and new business were seen in each of the four broad areas of the services economy. In both cases, the fastest expansions were seen in consumer services and the slowest in transport, information and communication," the survey said.

https://www.business-standard.com/article/economy-policy/india-s-services-activity-cools-to-6-month-low-in-sep-job-creation-slows-122100600783_1.html

India better placed than others, still on course for 7% growth, says CEA

Chief economic adviser V Anantha Nageswaran said India is still on course for 7% growth in the current fiscal year although "downside risks dominate the upside risk" but it's "better placed" than other countries. "What gives us strength is the fact that domestic consumption is the biggest driver of growth," he told ET in an interview on Thursday. "I would argue that once the current one-off exogenous external shocks dissipate, I am still confident that the sustainable growth rate will be closer to 7%." He dismissed reports of JP Morgan not including India's sovereign bonds in a widely popular global index due to concerns about the country's market infrastructure.

<https://economictimes.indiatimes.com/news/economy/indicators/india-better-placed-than-others-still-on-course-for-7-growth-says-cea/articleshow/94691917.cms>

World Bank slashes India's economic growth forecast to 6.5% for FY23

The World Bank on Thursday slashed its growth estimate for India by one percentage point to 6.5 per cent for FY23, citing the blowback of the Russia-Ukraine war and ongoing global monetary policy tightening. This is the lowest growth estimate by any multilateral agency for FY23. The International Monetary Fund, which projected India's economy to grow at 7.4 per cent, is expected to revise its estimate next week. In its latest South Asia Economic Update, the multilateral lending agency said economic growth in India would slow in FY23 because the country was coming off a strong recovery in FY22. "The spillovers from the Russia-Ukraine war and global monetary policy tightening will continue to weigh on India's economic outlook: elevated inflation on the back of higher prices of key commodities and rising borrowing costs will affect domestic demand, particularly private consumption in FY2023/24, while slowing global growth will inhibit growth in demand for India's exports," the World Bank said. Last week, the Reserve Bank of India pared its growth estimate for FY23 to 7 per cent from 7.2 per cent estimated earlier.

https://www.business-standard.com/article/economy-policy/world-bank-slashes-india-s-economic-growth-forecast-to-6-5-for-fy23-122100601103_1.html

Banking and Finance

RBI launches DAKSH application to advance supervisory process

The Reserve Bank of India (RBI) Governor Shaktikanta Das on Thursday launched a new 'SupTech' initiative called DAKSH. This application will be the bank's advanced supervisory monitoring system, which is expected to make the supervisory processes more robust. RBI said it has been taking various initiatives in strengthening supervision, which among other initiatives include adoption of latest data and analytical tools as well as leveraging technology for implementing more efficient and automated work processes. "DAKSH is a web-based end-to-end workflow application through which RBI shall monitor compliance requirements in a more focused manner with the objective of further improving the compliance culture in Supervised Entities (SEs) like Banks, NBFCs, etc," PTI quoted it as saying.

<https://economictimes.indiatimes.com/news/economy/policy/rbi-launches-daksh-application-to-advance-supervisory-process/articleshow/94688457.cms>

Reserve Bank of India introduces internal ombudsman mechanism for Credit Information Companies

India's central bank today directed all Credit Information Companies (CICs) to appoint internal ombudsman at the top of their internal grievance redress mechanism by April 1 of next year. The directions include the appointment/tenure, role and responsibilities, procedural guidelines, and oversight mechanism for the IO, the Reserve Bank of India said in a statement. All complaints that are partly or wholly rejected by CICs will be reviewed by the IO before the final decision of the CIC is conveyed to the complainant, it said, adding that the IO will not entertain any complaints directly from the members of public.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/reserve-bank-of-india-introduces-internal-ombudsman-mechanism-for-credit-information-companies/articleshow/94684039.cms>

Banks to post good earnings growth in Q2

Earnings growth for banks in Q2FY23 will be good driven by a robust loan growth and an expansion in margins. Also, much like in recent quarters, profits are expected to get a boost from a sharp drop in loan loss provisions. Asset quality should improve across lenders, especially on a year-on-year basis. The better asset quality would result from banks being able to recover dues from smaller units whose loans underwent restructuring post Covid-19. "We are likely to see healthy performance from all banks, unlike the past few quarters where the recovery was strongest for the large private banks," analysts at Kotak Institutional Equities (KIE) wrote recently.

<https://www.financialexpress.com/industry/banking-finance/banks-to-post-good-earnings-growth-in-q2/2702711/>

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

The Union Finance Ministry on Thursday released the seventh monthly instalment of post devolution revenue deficit (PDRD) grant of Rs 7,183.42 crore to 14 states. The grant has been released as per the recommendations of the 15th Finance Commission. The panel had recommended a total grant of Rs 86,201 crore to 14 states for 2022-23.

The recommended grant is released by the Department of Expenditure to the recommended states in 12 equated monthly installments. With the release of seventh installment for the month of October 2022, the total amount of revenue deficit grants released to the states in 2022-23 has gone up to Rs 50,282.92 crore.

https://www.business-standard.com/article/economy-policy/revenue-deficit-grant-of-rs-7-183-cr-released-to-14-states-centre-122100600658_1.html

Govt gets Rs 1,203-cr dividend from 5 CPSEs, including SAIL, IRCTC

The government has received Rs 1,203 crore as dividend tranches from five CPSEs, including SAIL, HUDCO and IRCTC. With this, the total dividend receipts of the government from public sector enterprises stood at Rs 14,778 crore so far this fiscal. "Government has respectively received about Rs 604 crore, Rs 450 crore and Rs 37 crore from SAIL, HUDCO and IREL as dividend tranches," Department of Investment and Public Asset Management (DIPAM) Secretary Tuhin Kanta Pandey tweeted. Besides, IRCTC has paid about Rs 81 crore and Bhartiya Rail Bijlee Co Ltd Rs 31 crore as dividend tranches, Pandey added.

https://www.business-standard.com/article/economy-policy/govt-receives-dividend-tranches-from-5-companies-including-sail-irctc-122100600737_1.html

Industry

Relief for directors of retail firms as govt amends Legal Metrology rules

In a major relief to board members of retail companies and manufacturers of packaged goods, the government has amended the Legal Metrology (General) Rules, 2011, removing the mandatory clause of holding its nominated directors accountable for any violation under the rules. The government has pointed out that the changes are being made as part of the ease of doing business.

https://www.business-standard.com/article/economy-policy/relief-for-directors-of-retail-firms-as-govt-amends-legal-metrology-rules-122100601042_1.html

Gold jewellery sales up 30% this Dussehra

Gold jewellery sales have shot up by 30% this Dussehra compared to last year, setting the tone for better sales in the upcoming Diwali and Dhanteras period. Jewellers attribute this surge in sales to drop in gold prices coupled with an upbeat mood among consumers as the economy has opened and the fear of covid waning across the country. "Our stores have witnessed more than 30% sales this Dussehra. There has been a lot of pent-up demand in the market and consumers have spent on the precious metal. The demand for lightweight contemporary jewellery was more. We have also seen people buying coins too as an instrument for investment," said Joy Alukkas, CMD of Thrissur headquartered jewellery retail chain Joyalukkas Jewellery.

<https://economictimes.indiatimes.com/industry/cons-products/fashion/-/cosmetics-/jewellery/gold-jewellery-sales-up-30-this-dussehra/articleshow/94690437.cms>

FMCG majors see a hit to margins because of soaring inflation

High commodity prices continue to eat into the operating incomes of FMCG companies. Dabur India on Thursday said the soaring inflation during the second quarter could lower its operating margin by around 150-200 basis points year-on-year. "During the quarter, inflation was at peak levels which impacted gross margins," the consumer goods major said in a regulatory filing. In addition, the geopolitical situation continued to impact the business with unprecedented inflation during the quarter leading to weak demand trends across categories. Marico expects gross margin to contract sequentially. Higher cost inventory consumption during the quarter, coupled with some currency depreciation across geographies, is expected to have some bearing on profitability, it said in its business update for the second quarter. However, the margins would remain higher y-o-y on a consolidated basis.

<https://www.financialexpress.com/industry/fm-cg-majors-see-a-hit-to-margins-because-of-soaring-inflation/2702725/>

CV sales on stable growth lane, but previous peak still some time away

The CV industry, the medium and heavy commercial vehicle segment (M&HCV) in particular, is still some time away from the previous peak volume despite strong and stable growth in vehicle sales over the past several months.

After peaking in FY19, CV sales fell sharply by 29 per cent in FY20, and 21 per cent in FY21. While the current fiscal saw the industry record strong growth in volumes, it will take some more time for the industry to reach its previous peak as the volume decline, which was caused by multiple factors, was massive.

<https://www.thehindubusinessline.com/companies/cv-sales-on-stable-growth-lane-but-previous-peak-still-some-time-away/article65975433.ece>

Government sends notices to EV firms for information to back subsidy claims

The Ministry of heavy Industries (MHI) has sent notices to a set of Electric Vehicle (EV) makers to check if the components used in their vehicles are largely locally sourced as they avail benefits provided under the Rs 10,000 crore Faster Adoption and Manufacturing of Electric and Hybrid Vehicles (FAME)-II scheme, sources aware of the matter said. According to government officials aware of the developments, Hero Electric and Okinawa have been asked to show documents that support their subsidy claims while a few other firms have also come under the scanner, sources in the know said.

<https://economictimes.indiatimes.com/industry/renewables/government-sends-notices-to-ev-firms-for-information-to-back-subsidy-claims/articleshow/94692844.cms>

E-bike Cos rev up to boost exports to US, EU

Indian e-bike makers are hoping to ride the 'China Plus One' strategy outlined by multi-national companies to scale up exports to Europe and the United States. Pankaj Munjal-promoted Hero Motors Company (HMC) - which also ships products to Germany's HNF - has shelved plans for acquiring a manufacturing facility in Slovakia and would instead focus investments on Hero Industrial Park (HIP) in Ludhiana to export to markets globally. Meanwhile, LML - a popular home-grown scooter brand of yesteryears - too plans to commence sales of e-bikes in the European Union starting next year. The company will ship semi-knocked down kits (SKDs) to distributors on the continent.

<https://economictimes.indiatimes.com/industry/renewables/e-bike-cos-rev-up-to-boost-exports-to-us-eu/articleshow/94690664.cms>

E-commerce sector expected to create 500,000 jobs by Diwali: Report

With the festival sales in full swing, e-commerce firms are ramping up hiring to meet the increasing consumer demand. Close to 300,000 new jobs have been created in the sector so far and over 500,000 more jobs are expected to be added till Diwali, according to a report by TeamLease. The demand for gig workers is, however, not restricted to tier-1 cities. Tier-2 and tier-3 cities have seen an increase of 40 per cent, with a higher demand for delivery workers, according to a TeamLease report. "Hiring in the logistics domain has also increased as e-commerce companies are trying to crunch their delivery time. In fact, the fast-growing third party logistics segment is expected to add 800,000 jobs by December 2022," said Ajoy Thomas, vice-president and business head (retail, e-commerce, logistics and transportation) at TeamLease. "Quick-commerce, QSRs, retail stores, FMCG, and FOS (foots-on-the-street) salesmen are the most in-demand roles other than delivery executives," he added.

https://www.business-standard.com/article/companies/e-commerce-sector-expected-to-create-500-000-jobs-by-diwali-report-122100601003_1.html

Infrastructure

National Highways Infrastructure Trust issues Rs 1,500-crore NCDs

National Highways Infrastructure Trust (NHIT) will raise Rs 1500 crore through non-convertible debentures, as it looks to add three highways stretches worth Rs 3800 crore to its portfolio. NHIT is the Infrastructure Investment Trust (InvIT) of the National Highways Authority of India (NHAI). Last week, the InvIT raised external capital of 1217 crore from institutional investors. The trust will issue 15 million debentures of three separate face values, according to a filing made by the trust to the Securities and Exchange Board of India (SEBI). While Union minister for road transport and highways and earlier said that he wanted to tap public funds for highway development, many thought that this would mean the public listing of the currently private-listed InvIT. Sources said that the plan is being worked out with SEBI. Meanwhile, retail investors can invest in the NCDs. Previously, NHIT's debt component comprised only bank loans.

https://www.business-standard.com/article/economy-policy/national-highways-infrastructure-trust-issues-rs-1-500-crore-n cds-122100601001_1.html

Railway Ministry plans to bid out 16 stations under PPP route

The Indian Railways is looking to bid out 16 railway stations under the public private partnership (PPP) route for redevelopment purposes. According to senior officials, familiar with the development, the target is to bid out these stations within the current year itself. Anand Vihar, Thane, Tambaram, Dadar, Kalyan, and Andheri stations are in the list. Railway stations of Pune, Coimbatore, Bangalore City, Baroda, Bhopal, Chennai Central, Old Delhi, Nizamuddin, Avadi, and Vijayawada are likely to part of this redevelopment. "These railway stations will be upgraded to ensure improved basic facilities and accessibility for passengers. Various monetisation models are being examined to encourage the private sector," an official told ET.

<https://economictimes.indiatimes.com/industry/transportation/railways/railway-ministry-plans-to-bid-out-16-stations-under-ppp-route/articleshow/94690387.cms>

States

Rajasthan govt leases barren land to power solar energy plants

The Rajasthan government has launched a scheme to help farmers to set up solar energy plants on their unusable or barren land. Under the scheme, called the Saur Krishi Aajeevika Yojana (SKAY), farmers can give their barren land on lease to set up solar-energy plants, which would help them elevate their living standards, a senior state government official told *Business Standard*. An online portal has been set up and on it farmers/landowners can register their land to give on lease. "The land developer can see the land details put on the portal by farmers and can set up a solar energy plant in accordance with the rules.

The land developer, with the SKAY, can easily get a central subsidy under the PM Kusum Yojana (30 per cent of the cost). The state government will arrange a tripartite agreement between the landowner/farmer, developer and the discom/power company concerned so that it is ensured that risk protection is provided to the land owner/farmer," he added.

https://www.business-standard.com/article/economy-policy/rajasthan-govt-leases-barren-land-to-power-solar-energy-plants-122100601203_1.html

Gujarat Government launches 'Aatmanirbhar Gujarat' scheme for MSMEs and heavy industries

Gujarat Government on Wednesday introduced the 'Aatmanirbhar Gujarat' scheme to provide assistance and various incentives to industries. The scheme was launched by the state's Chief Minister, Bhupendra Patel to boost the manufacturing sector ahead of the Gujarat assembly polls scheduled to be held by the end of this year. "Gujarat is a land of entrepreneurs. The state is India's manufacturing hub. It is prepared to lead India in fulfilling Prime Minister Narendra Modi's call of Aatmanirbhar Bharat," Patel said. The chief minister said the scheme will be instrumental in providing special assistance needed by industries to enable them to become part of the global supply chains. The 'Aatmanirbhar Gujarat' scheme for incentives to industries shall encourage budding entrepreneurs to fulfil their entrepreneurial ambitions, he added.

<https://www.financialexpress.com/industry/sme/msme-eodb-gujarat-government-launches-aatmanirbhar-gujarat-scheme-for-msmes-and-heavy-industries/2702732/>

External

Govt considering forming units to build expertise in Free Trade Agreements

The Department of Commerce is considering the formation of dedicated units called "subject matter divisions" to build expertise in industries like services, agriculture, medicines, trade remedies, and digital trade as part of a more aggressive approach to free trade agreements, Livemint reported. India wants to be able to negotiate agreements with other nations at the World Trade Organization from a position of strength. It is also considering hiring industry experts, including those from the private sector, who will contribute their knowledge and experience during discussions. The general idea behind the plan is to fortify the infrastructure for negotiations with the appropriate knowledge, reliable end-to-end procedures, and a clearly defined goal. A government official said that the move aims to participate in negotiations fully prepared. With the free trade agreements being comprehensive nowadays, it is important to have experts from different domains, who have insights and so it is important to bring in people, if required, from outside the bureaucracy, the official added.

https://www.business-standard.com/article/economy-policy/govt-considering-forming-units-to-build-expertise-in-free-trade-agreements-122100600319_1.html