



April 13, 2023 – Thursday

Economy

India's March retail inflation eases to 5.66%, lowest since December 2021

India's retail inflation eased to 5.66 per cent in March, data from the Ministry of Statistics and Programme Implementation (MoSPI) showed on Wednesday. This is the lowest since December 2021, when retail inflation was 5.66 per cent. The urban inflation was 5.89 per cent, and the rural was 5.51 per cent. The inflation in the same month last year was 6.95 per cent. In February, India's retail inflation stood at 6.44 per cent.

https://www.business-standard.com/economy/news/india-s-march-retail-inflation-eases-to-5-66-lowest-since-december-2021-123041200721_1.html

India's industrial output rises 5.6% in February

India's industrial output, as measured by the index of Industrial production or IIP, in February rose 5.6% year on year, data from the Ministry of Statistics showed today. For the 11-month period from April 2022 to February 2023, industrial output registered a growth of 5.5%. The January IIP growth was revised to 5.2%. The data released by the National Statistical Office (NSO) showed that the manufacturing sector's output increased 5.3% in February 2023. Mining output rose 4.6% and power generation surged 8.2% during the month under review.

<https://economictimes.indiatimes.com/news/economy/indicators/iip-data-indias-industrial-output-rises-5-6-in-february/articleshow/99437212.cms>

India's economic growth projected to decelerate to 6% in 2023 from 6.6% in 2022: UN

India's economic growth is projected to decelerate to 6 per cent in 2023 from 6.6 per cent in 2022, according to the United Nations. The UN Trade and Development Conference (UNCTAD) in its latest Trade and Development Report Update released Wednesday expects global growth in 2023 to drop to 2.1%, compared to the 2.2% projected in September 2022, assuming the financial fallout from higher interest rates is contained to the bank runs and bailouts of the first quarter. It warned that developing countries are facing years of difficulty as the global economy slows down amid heightened financial turbulence. Annual growth across large parts of the global economy will fall below the performance registered before the pandemic and well below the decade of strong growth before the global financial crisis.

<https://economictimes.indiatimes.com/news/economy/indicators/indias-economic-growth-projected-to-decelerate-to-6-in-2023-from-6-6-in-2022-un/articleshow/99441791.cms>

IMF sees India's combined debt-to-GDP ratio rising for 4 yrs starting FY24

After declining for two straight years till FY23, India's debt-to-GDP ratio is set to follow an upward trajectory for next four financial years starting FY24, the International Monetary Fund (IMF) projected on Wednesday. In its latest Fiscal Monitor report, the IMF said India's combined debt-to-GDP ratio (Centre plus states) will rise a tad to 83.2 per cent in FY24 and will hit a high of 83.8 per cent in FY27 before it starts to moderate. As the Covid-19 pandemic hit the economy, substantially reducing revenues and increasing government expenditure, India's public debt-to-GDP ratio

shot up from 75 per cent in FY20 to 88.5 per cent in FY21. However, it gradually reduced to 83.1 per cent in FY23 as revenues and expenditure stabilised.

https://www.business-standard.com/economy/news/imf-projects-india-s-combined-debt-to-gdp-ratio-rise-starting-fy24-123041200830_1.html

Niti panel likely to propose incentives for efficient use of water

India is eyeing incentives for industry and agriculture for efficient use of water as part of a long-term roadmap to ensure water security for the nation. A steering committee, led by Niti Aayog member Ramesh Chand, is likely to recommend a clear methodology to define and assess water neutrality and water positivity required across sectors to ensure sustainable use of water and propose incentives based on the assessment, a senior government official told ET. The committee is also expected to reassess the water resource scenario of India and make future.

<https://economictimes.indiatimes.com/news/economy/policy/niti-panel-likely-to-propose-incentives-for-efficient-use-of-water/articleshow/99444101.cms>

Banking and Finance

Reserve Bank of India proposes threshold for penal charges on loans

The Reserve Bank of India (RBI) has announced draft norms on penal charges levied by banks and non-banking finance companies (NBFCs) on loan accounts to bring in transparency and to ensure such charges are reasonable. The regulator said the quantum of charges should be proportionate to default, for which threshold has to be determined by regulated entities. "The quantum of penal charges shall be proportional to defaults/non-compliance of material terms and conditions of loan contract beyond a threshold. This threshold is to be determined by the regulated entities and shall not be discriminatory within a particular loan/product category," the draft norms said.

https://www.business-standard.com/finance/news/reserve-bank-of-india-proposes-threshold-for-penal-charges-on-loans-123041200967_1.html

RBI's said to be open to new MoU if EU regulators soften audit stance

India's central bank is said to be open to softening its stance on signing an eventual deal with European regulators on market infrastructure should the overseas entities drop the demand to inspect - and penalise - local intermediaries such as the Clearing Corp of India (CCIL). A meeting late last month between senior officials of the Reserve Bank of India (RBI) and European banks was the ice-breaker in protracted discussions over the foreign regulators' de-recognition of CCIL. European banks trading in India that stand to be the most affected by the negotiations are Credit Suisse, BNP Paribas, Societe Generale and Deutsche Bank.

<https://economictimes.indiatimes.com/industry/services/consultancy/-/audit/rbis-said-to-be-open-to-new-mou-if-eu-regulators-soften-audit-stance/articleshow/99444889.cms>

Regulator IRDAI looking at 20 more insurance applications, says Chairman Debasish Panda

Insurance regulator Irdai has given licence to a General insurer for the first time since 2017, close on the heels of allowing two more applicants in the Life space and is looking at around 20 more applications, its Chairman Debasish Panda said on Wednesday. The latest to get the licence is Kshema General Insurance and earlier in the year Credit Access Life and Acko Life were given licences, Panda said, adding the regulator is looking at around 20 more applications. Addressing the gathering, the regulator asked the industry to take the "Insurance for All by 2047" mandate not as a slogan but as a call to action and expressed confidence that the stated target could be met well before the deadline. To attain this, the industry has to be innovative and adopt more and more technologies so that they can develop more and more products that are seamlessly accessible and affordable to the vast majority of the uninsured/underinsured. Tech-driven innovation can also bring down the cost of products and product deliveries. What the industry should do is to do an encore of what bankers have been doing in the area of financial inclusion.

<https://economictimes.indiatimes.com/industry/banking/finance/insure/regulator-irdai-looking-at-20-more-insurance-applications-says-chairman-debasish-panda/articleshow/99431048.cms?from=mdr>

Banks gaining an edge in gold loan rush

Traditional gold loan companies, such as Muthoot Finance and Manappuram Finance, are striving to maintain their market share which appears to be increasingly headed in favour of traditional banks, which have the theoretical advantage of costs due to an established, low-cost deposit base. Gold loans for Muthoot Finance and Manappuram Finance, India's two largest gold financing NBFCs, respectively expanded 5% and contracted 9% year-on-year in the December quarter. By comparison, gold loans for CSB Bank, Canara Bank, SBI, HDFC Bank and Federal Bank, which have a strong presence in the southern markets, climbed in the range of 19-to-54%.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/banks-gaining-an-edge-in-gold-loan-rush/articleshow/99444829.cms>

DFS Secretary meets officials from 10 departments to boost enrolments under PMJJBY, PMSBY

In a bid to give a push to micro insurance schemes, Financial Services Secretary Vivek Joshi held a meeting with officials from 10 central ministries and departments, including those from labour and employment, housing and urban affairs, agriculture and farmers welfare, and rural development. Representatives of the Ministry of Panchayati Raj, Ministry of Mines, Ministry of Women & Child Development, Ministry of Coal, Department of Post and India Post Payments Bank (IPPB) were also present in the meeting called with a view to boost coverage under micro-insurance schemes -- Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY) -- at the Gram Panchayat level. A three-month campaign will cover all the districts in the country from April 1 to June 30, 2023, the finance ministry said in a statement on Wednesday.

<https://economictimes.indiatimes.com/news/economy/policy/dfs-secretary-meets-officials-from-10-departments-to-boost-enrolments-under-pmjby-pmsby/articleshow/99436966.cms>

Retail loans dominate securitisation volumes in Q4

Securitisation volumes are expected to remain high in FY24 with more than 90% expected to come from retail loans as non-banks and housing finance companies seek liquidity to meet credit demand. Total securitisation in FY23 closed at ₹1.78 lakh crore with ₹61,000 crore of such deals seen in Q4 alone. According to rating agency ICRA, securitisation volumes, originated largely by non-banking financial companies (NBFCs) and housing finance companies (HFCs), recorded the highest volume in the March quarter since the onset of the Covid-19 pandemic.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/retail-loans-dominate-securitisation-volumes-in-q4/articleshow/99444874.cms>

Share of NRIs, overseas investors in mutual fund assets declining

The share of non-resident Indians (NRIs) and overseas investors in Indian mutual funds has been declining over time, despite adding half-a-trillion rupees to holdings over the last five years. Mutual fund holdings for the segment went up from Rs 0.95 trillion as of December 2018 to Rs 1.54 trillion as of December 2022, shows Business Standard analysis of data from the industry body Association of Mutual Funds in India (Amfi). Their share in overall mutual fund assets has fallen from 4.2 per cent to 3.9 per cent during the same period.

https://www.business-standard.com/markets/mutual-fund/share-of-nris-overseas-investors-in-mutual-fund-assets-declining-123041200317_1.html

Centre tightens fund flow rulebook for CSS schemes; brings penal interest clause

The Centre has tightened the fund flow rulebook on Centrally Sponsored Schemes (CSS) even further and for the first time has also brought in a 'penal interest' clause for delays in fund transfers by states. In a February 16 communication to all chief secretaries, states have been asked to ensure that their share of funds are transferred to the Single Nodal Agency (SNA) for CSS scheme within 30 days of receiving central funding instead of 40 days, as allowed earlier. It added that any delay beyond 30 days would attract a 'penal interest' of 7% per annum. This 'penal interest' by a state that delays prescribed fund flow will be transferred to the Consolidated Fund of India.

<https://economictimes.indiatimes.com/news/india/centre-tightens-fund-flow-rulebook-for-css-schemes-brings-penal-interest-clause/articleshow/99415692.cms>

Industry

DPIIT takes up startups' concerns with Finance Ministry

The Department for Promotion of Industry and Internal Trade (DPIIT) has raised, with the finance ministry, issues related to startups' concerns over the calculation of their fair market valuation, and the Budget proposal to include foreign investors under the ambit of the so-called angel tax that till now applied only to Indian residents. Officials said talks were ongoing with the departments of revenue and economic affairs to address the concerns, as startups raise funds based on their market valuation but that also increases their tax liability. "We are talking to the revenue department and the department of economic affairs. Talks are ongoing," said an official.

<https://economictimes.indiatimes.com/news/economy/policy/dpiit-takes-up-startups-concerns-with-finance-ministry/articleshow/99444615.cms>

Govt catching up, plans to develop infra to assess new-tech vehicles

The government will upgrade its automobile testing infrastructure to ensure effective testing of vehicles that use the latest technology, The Economic Times (ET) has reported. Latest technology vehicles refers to test vehicles that feature internet-enabled technologies. Additionally, the government will also develop new infrastructure to expedite the approval of vehicles meant for military use. Improvement of testing and assessment facilities to monitor the impact of radiation due to electrical components in vehicles is also under consideration. Quoting a senior government official, the report added, "There are many new technologies that are now being introduced in cars," he said. "Almost 40 per cent of all new vehicles are just electronics and the testing infrastructure needs to be upgraded to better rate them."

https://www.business-standard.com/industry/auto/govt-catching-up-plans-to-develop-infra-to-assess-new-tech-vehicles-123041200216_1.html

Auto inventory at dealerships rise as demand slows down

Due to a dip in demand in the entry-level segment and inflationary pressures, passenger vehicle inventory has been on the rise. According to data from the Federation of Automobile Dealers Associations (FADA), passenger vehicle inventory was at 39 days in March.

<https://www.thehindubusinessline.com/economy/auto-inventory-at-dealerships-rise-as-demand-slows-down/article66728608.ece>

Sales of summer categories back on growth curve after rain disruption

After intermittent rain played spoilsport in March, sales of summer categories are back on the growth curve in West, East and South with temperatures in most markets recording above normal levels and heatwave in several towns, whereby companies have now decided to continue running full production till May. As per industry estimates, sales of products like air-conditioners, refrigerators, ice creams and beverages shot up by up to 10% in these markets over 2022 which was one of the best summers in the last few years. However, sales in the North are yet to pick up but companies are optimistic it will start this weekend with the India Meteorological Department (IMD) predicting temperatures will rise in the next five days. "AC sales are up since last week of March after the intermittent rains. In fact, we are now even seeing second time buyers coming to the market. The category will grow by 20% this summer irrespective of rains which are now part and parcel of the game," said Blue Star managing director B Thiagarajan.

<https://economictimes.indiatimes.com/industry/cons-products/durables/sales-of-summer-categories-back-on-growth-curve-after-rain-disruption/articleshow/99440099.cms>

Plan to slap fresh sanctions on Russia's Alrosa could hit Surat diamond workers

The G7 countries are likely to slap fresh sanctions on large diamonds of one carat sourced from Russian diamond miner Alrosa, which accounts for about a third of global rough diamond supply, during the May 19-21 meeting in Japan ahead of the Las Vegas Jewellery Show in the first week of June, said industry executives. "We have been hearing from different sources that there will be fresh sanctions and it will start with large diamonds," Gem & Jewellery Export Promotion Council (GJEPC) chairman Vipul Shah told ET. "However, we do not have any idea in what form the sanctions will come in. This will impact the employment of diamond workers in Surat as well as in Saurashtra, Amreli and Bhavnagar."

<https://economictimes.indiatimes.com/industry/cons-products/fashion/-/cosmetics/-/jewellery/plan-to-slap-fresh-sanctions-on-russias-alrosa-could-hit-surat-diamond-workers/articleshow/99436930.cms>

S&P expects fall in met coal prices; Indian steel makers to benefit from rate correction

S&P Global Ratings on Wednesday said it is expecting a significant fall in rates of metallurgical coal and Indian steel makers are to benefit from the price correction. "We expect lower seaborne met coal prices will help Indian steel mills, as they import 70 per cent of their total requirement," S&P Global Ratings credit analyst Anshuman Bharati said. The agency estimates that a sharp fall in seaborne metallurgical coal prices will improve cash flow and ease pressure on Indian steel producers, he said

<https://www.financialexpress.com/industry/sp-expects-fall-in-met-coal-prices-indian-steel-makers-to-benefit-from-rate-correction/3043907/>

Indian B2B to drive \$125-billion market by 2027: Report

Indian B2B marketplaces are expected to drive the next leg of tech-led growth, at a CAGR of 45 per cent over the next five years, and address a \$125 billion market by 2027, according to a report by investment banking franchise Avendus Capital. The report added that B2B marketplaces have the potential to become multibillion-dollar vertical outcomes across categories, addressing the huge whitespaces in the value chain with no large traditional incumbents or horizontal ecosystems, unlike in the US and China.

<https://www.thehindubusinessline.com/economy/indian-b2b-to-drive-125-billion-market-by-2027-report/article66728256.ece>

Infrastructure

India continues to retain FAA IASA Category 1 ranking, says DGCA

Aviation Administration (FAA) has informed Directorate General of Civil Aviation (DGCA) on Wednesday that India meets the international standards for aviation safety oversight of the Chicago Convention & its Annexes, and continues to retain FAA IASA Category 1 status. FAA under its International Aviation Safety Assessment (IASA) programme determines whether a country's oversight of its air carriers that operate or seek to operate, into the US or codeshare with a US air carrier complies with safety standards established by the International Civil Aviation Organization (ICAO).

https://www.business-standard.com/india-news/india-continues-to-retain-faa-iasa-category-1-status-says-dgca-123041200841_1.html

Energy

Government developing portal to expedite clearances for newly allocated blocks: Coal Secretary

The government is in the process of developing a portal for monitoring and expediting clearances for newly allocated coal blocks, Coal Secretary Amrit Lal Meena said on Wednesday. The secretary along with Additional Coal Secretary and Nominated Authority M Nagaraju held an interaction with the representatives of captive and commercial coal block allottees to discuss ways to increase coal production and other issues. "Timely availability of land and other clearances are of paramount importance in ensuring early production of coal from newly allocated blocks. The nominated authority in the ministry is in the process of developing a portal for timely monitoring and resolution of issues in this regard," the secretary informed stakeholders.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/metals-mining/government-developing-portal-to-expedite-clearances-for-newly-allocated-blocks-coal-secretary/articleshow/99441408.cms>

Government to allow agricultural credit societies to convert wholesale petrol pumps into retail outlets

In a major step to strengthen cooperatives, the government on Wednesday said existing Primary Agricultural Credit Societies (PACS) having wholesale petrol and diesel dealership licence will be given a one-time option to convert their bulk consumer pumps into retail outlets. The cooperation ministry, in a statement, said PACS will also be given priority in allotment of new petrol/diesel dealerships to strengthen the cooperative movement in the country. PACS will also be able to get LPG distributorship and their eligibility has been approved. These decision were taken in a meeting held by Cooperation Minister Amit Shah with Petroleum and Natural Gas Minister Hardeep Singh Puri here. "In order to strengthen the PACS, the Ministry of Petroleum & Natural Gas has given its consent for conversion of existing wholesale petrol/diesel dealership licensed PACS (PACS) into retail outlets," the cooperation ministry said.

<https://economictimes.indiatimes.com/industry/energy/oil-gas/government-to-allow-agricultural-credit-societies-to-convert-wholesale-petrol-pumps-into-retail-outlets/articleshow/99442624.cms>

Solar capacity installations drop 8 per cent in FY23, wind jumps 105%: Report

Solar capacity installations in India decreased by eight per cent in FY2023 to 12,784 MW, according to JMK Research. As per a report from the research group, wind installations, however, jumped significantly by 105 per cent by 2,276 MW in FY2023. In terms of cumulative installations, according to the data released by Ministry of New and Renewable Energy (MNRE) till March 2023, India's RE installation capacity reached 125.2 GW. Solar energy contributes for approximately 53% share in the total RE segment, followed by wind energy (34%), Bio Power (9%) and Small Hydro (4%).

<https://economictimes.indiatimes.com/industry/renewables/solar-capacity-installations-drop-8-per-cent-in-fy23-wind-jumps-105-report/articleshow/99442667.cms>

States

UP govt plans to build EV charging stations on a large scale in UP

The Uttar Pradesh government has set out to make the state a leader in the field of electric vehicles (EVs) in the country. Under the EV policy, the Yogi Adityanath government is not just focusing on encouraging the manufacturing of EVs, but also making serious efforts to provide proper charging facilities to the citizens, a statement said. The Yogi government has entrusted the urban development department with the responsibility of setting up EV charging stations as per the provisions of the policy while the department has started the process of extending the Comprehensive Electric Mobility Plan (CEMP) to 17 cities with municipal corporations as soon as possible under the Smart City Mission, along with meeting the land requirements of service providers for charging facilities in the state, according to a statement from the Chief Minister's Office. A working group has also been formed under the leadership of the Urban Development Department to fast-track the development of charging infrastructure, it added.

<https://economictimes.indiatimes.com/industry/renewables/up-govt-plans-to-build-ev-charging-stations-on-a-large-scale-in-up/articleshow/99442745.cms>

Healthcare

Health Minister Mansukh Mandaviya to meet representatives of e-pharmacies soon: Sources

At a time when the Union Health Ministry is mulling regulations and stringent action against e-pharmacies, Health Minister Mansukh Mandaviya will hold a meeting with representatives of e-pharmacies soon, said official sources on Wednesday. "There are concerns over data privacy, malpractices and irrational sale of drugs," said the source. "We are against the e-pharmacies business of providing online medicines without prescription but not against the online prescription given by doctors," the sources added. It further said, "The Union Ministry of Health is mulling over shutting down digital pharmacies due to concerns like misuse of data, Antimicrobial Resistance (AMR) and predatory pricing of medicines."

<https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals/health-minister-mansukh-mandaviya-to-meet-representatives-of-e-pharmacies-soon-sources/articleshow/99442512.cms>

Facing cost pressure, diagnostic players in catch-22 situation on price revision

After having a dream run during Covid times, with fresh investments pulling in new entrants, the diagnostics industry in India is now in a catch-22 situation. The recent appreciation of dollar has led to an escalation in cost of inputs, including consumables, while fierce competition is not allowing the players to take a price rise fearing loss of business. As margins start to squeeze, the past two months saw several players implementing a price rise across diagnostic tests, although insignificant. Between 2020 and 2021, when the demand for Covid and non-Covid diagnostics tests was at the peak, investors and entrepreneurs took a plunge with heavy investments towards building capacities and recruiting manpower at up to 1.5x the salaries.

<https://www.thehindubusinessline.com/economy/facing-cost-pressure-diagnostic-players-in-catch-22-situation-on-price-revision/article66729611.ece>

External

CBIC extends interest waiver on customs duty payable via ECL till April 13

The CBIC has extended the interest waiver on customs duty payable by importers and exporters through the Electronic Cash Ledger (ECL) till April 13. An upgraded Customs duty payments system was launched by the Central Board of Indirect Taxes and Customs (CBIC) on April 1. After the members of the export-import trade complained of difficulties in making duty payments via ECL in the automated system, CBIC last week said that no interest would be charged on customs duty paid through ECL till April 10.

<https://www.financialexpress.com/industry/cbic-extends-interest-waiver-on-customs-duty-payable-via-ecl-till-april-13/3043604/>

India, France discuss progress on India-EU trade pact

Trade ministers of India and France have held discussions related to the ongoing talks for a free trade agreement between India and the European Union, the commerce ministry said on Wednesday. Commerce and Industry Minister Piyush Goyal was in Paris to attend India-France Business Summit and CEOs roundtable meet. He held bilateral meetings with several CEOs and French minister for Foreign Trade, Economic Attractiveness and French Nationals Abroad Olivier Becht. "The ministers discussed priority areas related to India - EU FTA (free trade agreement) negotiations where issues related to market access were deliberated," it said.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-france-discuss-progress-on-india-eu-trade-pact/articleshow/99426382.cms>

Indian cotton exports may plunge to 19-year low

India's cotton exports will likely decline to a 19-year low this season (October 2022-September 2023) on poor demand for importing nations in view of the economic slowdown in the US and Europe. According to the US Department of Agriculture (USDA) "Cotton: World Markets and Trade", Indian cotton exports are projected lower by 500,000 bales this month to 1.8 million (US bales of 227.72 kg or 23.05 lakh Indian bales of 170 kg), roughly equal to its import forecast.

<https://www.thehindubusinessline.com/economy/agri-business/indian-cotton-exports-may-plunge-to-19-year-low/article66729440.ece>