



June 23, 2023 – Friday

Economy

Uncertainties on inflation outlook has not abated: RBI Guv Das in MPC minutes

The uncertainties around India's inflation outlook for the second half of the ongoing fiscal have not abated and several factors including El Nino, geopolitical conflicts and volatile financial markets need to be monitored closely, said Reserve Bank of India's governor Shaktikanta Das in the MPC minutes released on Thursday. He stressed that the rate-setting panel opted for a pause in the latest meeting to assess the impact of the 250 bps cumulative hike taken in the meetings so far over the last year.

<https://economictimes.indiatimes.com/news/economy/policy/uncertainties-on-inflation-outlook-has-not-abated-rbi-guv-das-in-mpc-minutes/articleshow/101192747.cms>

Fitch Ratings upgrades India's FY24 GDP forecast to 6.3% from 6%

Fitch Ratings revised upwards its economic growth estimate for India by 30 basis points (bps) to 6.3 per cent for 2023-24 (FY24), citing stronger outturn in the March quarter of FY23 and near-term momentum. It, however, cautioned that the slowdown in global trade still posed a downward risk. In March, the credit rating agency had lowered its growth forecast for FY24 to 6 per cent from 6.2 per cent citing headwinds from elevated inflation and interest rates along with subdued global demand.

https://www.business-standard.com/economy/news/fitch-ratings-upgrades-india-s-economic-growth-forecast-to-6-3-for-fy24-123062201015_1.html

Banking and Finance

ARCs' retail loan recovery slows by 35%, may extend timelines

Recoveries by asset reconstruction companies (ARCs) across retail loans such as housing and MSME slowed, proportioning 35 per cent to the principal outstanding, during June-December 2022, India Ratings and Research said in a note. This is because post the launch of one-time settlement (OTS) regulations in October 2022, ARCs started following measured steps to ensure realisations, which led to protracted timelines of the settlement process, in addition to the pull down seen during the Covid-19 pandemic.

<https://www.thehindubusinessline.com/money-and-banking/arcs-retail-loan-recovery-slows-by-35-may-extend-timelines/article66998161.ece>

Faster tax devolution may not affect states' borrowings, but will boost capex: Experts

Faster tax devolution payments are unlikely to affect states' market borrowing in fiscal 2024, but may encourage them to increase capital expenditure, said experts. "Size rather than the pace of tax devolution impacts changes, if any, in annual SDL (state development loans) issuance," said economists from Standard Chartered in a note, contending that the faster pace of devolution for June 2023 would not reduce states' fiscal deficit and their borrowing, avoiding a repeat of FY22 and FY23.

<https://economictimes.indiatimes.com/news/economy/indicators/faster-tax-devolution-may-not-affect-states-borrowings-but-will-boost-capex-experts/articleshow/101200187.cms>

I-T issues rules for pros to switch between old, new tax regimes

Consultants, professionals and individuals with income from businesses will now be able to opt for the old tax regime in the current financial year, according to a notification issued by the Central Board of Direct Taxes. The new tax regime has been made the default tax regime from the current financial year. Earlier, while salaried individuals had the option to switch back to the old tax regime, this option was not available to professionals and individuals with income from business, once they made a switch.

<https://economictimes.indiatimes.com/news/economy/policy/i-t-issues-rules-for-pros-to-switch-between-old-new-tax-regimes/articleshow/101199854.cms>

Industry

PLI Scheme: Govt may consider lowering eligibility norms to push manufacturing in Tier-2 and Tier-3 cities

To encourage manufacturing activity in smaller cities and towns, the government is likely to consider the option of lowering the minimum investment and turnover criteria under the ₹1.97 lakh crore Production Linked Incentive (PLI) scheme in Tier-2 and Tier-3 cities in sectors such as textiles, where second edition of the scheme are being drafted, and also some new sectors, like toys and furniture, which may get incorporated, according to sources. "In the review meeting for PLIs that is being convened by Commerce and Industry Minister Piyush Goyal next week, the proposal for lower eligibility criteria for investments in Tier 2 and Tier 3 cities made by several industry sectors is likely to be taken up for consideration," a source tracking the matter told businessline.

<https://www.thehindubusinessline.com/economy/pli-review-govt-may-consider-the-option-of-lower-eligibility-criteria-for-tier-2-and-tier-3-cities/article66998051.ece>

India plans more steel products in manufacturing incentive plan

India plans to widen the range of steel grades covered by a government incentive program in a bid to boost output and back Prime Minister Narendra Modi's goal to establish the nation as a global manufacturing hub. The steel ministry is in talks with other government departments and domestic industry to include more types of the alloy in the so-called production-linked incentive program, Steel Secretary Nagendra Nath Sinha said in an interview. "We hope to come out with something in this regard in a few months."

<https://www.financialexpress.com/industry/india-plans-more-steel-products-in-manufacturing-incentive-plan/3137734/>

Rural demand on track, El Nino to have little impact: FMCG companies

The revival in rural demand is not dependent on the El Nino impact on monsoon; factors such as cooling of inflation, government spending on the agriculture sector, and deeper direct distribution will continue to fuel rural recovery, consumer goods company honchos said. "There is no immediate impact of El Nino on rural demand," said Mohit Malhotra, chief executive of Dabur India. "Rural demand, for us, has already started showing a recovery, and with inflation softening, we expect rural recovery to gain momentum in the coming quarters."

<https://economictimes.indiatimes.com/industry/cons-products/fmcg/rural-demand-on-track-el-nino-to-have-little-impact-fmcg-companies/articleshow/101200548.cms>

FSSAI directs labs to strengthen testing infrastructure for organic products

The Food Safety and Standards Authority of India (FSSAI) is looking at ramping up testing infrastructure for organic products in the country. In an order, the FSSAI has directed all notified laboratories to take steps to strengthen their testing infrastructure for the same. It has also asked them to get recognition from the Agricultural and Processed Food Products Export Development Authority (APEDA) for testing organic products. This comes after the Centre has decided to promote organic products in the country.

<https://www.thehindubusinessline.com/economy/fssai-directs-labs-to-strengthen-testing-infrastructure-for-organic-products/article66997973.ece>

Indian IT firms expected to report muted Q1 numbers, says Morgan Stanley

Indian IT companies saw a tough first quarter in the current fiscal, and the upcoming second quarter is expected to have headwinds as well. Global investment and consulting firm, Morgan Stanley, has articulated a cautious, yet selectively optimistic stance on these stocks amid a challenging first quarter and a projected muted performance in

the second quarter. Considering the weaker revenue and margin in April-June, the brokerage has lowered the estimates of constant-currency revenue growth by up to 424 basis points in FY24. “We project fiscal 2024 constant currency revenue growth of –0.1 per cent to 6 per cent for the top five.”

<https://www.thehindubusinessline.com/info-tech/indian-it-firms-expected-to-report-muted-q1-numbers-says-morgan-stanley/article66998227.ece>

Agriculture

Insufficient rainfall in many parts of India could hit kharif crop sowing

The delay in monsoon progress is likely to affect sowing of paddy and soybean this harvesting season as key producing areas of these major kharif crops face an acute rainfall deficiency in June, agriculture experts said. Major agricultural states such as Maharashtra, Chhattisgarh, Madhya Pradesh, Uttar Pradesh and West Bengal stare at a rainfall deficiency of 88%, 94%, 77%, 66% and 31%, respectively, this month, according to the India Meteorological Department (IMD).

<https://economictimes.indiatimes.com/news/economy/agriculture/insufficient-rainfall-in-many-parts-of-india-could-hit-kharif-crop-sowing/articleshow/101200599.cms>

Slow progress of monsoon causing delay in sowing of oilseeds: SEA

The slow progress of monsoon has begun to worry all quarters, as the deficit between actual and normal rainfall has narrowed only slightly. However, the India Meteorological Department expects the monsoon to revive in the next few days, which would help it cover the entire country by the middle of July. On Thursday, the Solvent Extractors Association (SEA) in a letter to its members said that the slow monsoon was causing a delay in the sowing of oilseeds in the ongoing kharif season, which might impact production.

https://www.business-standard.com/india-news/slow-progress-of-monsoon-causing-delay-in-sowing-of-oilseeds-sea-123062201005_1.html

Profitability of rice farmers increases 73% in 4 years

The profitability of farmers in growing paddy in West Bengal, Punjab, Haryana, Uttar Pradesh, Bihar, Chhattisgarh, Andhra Pradesh, Telangana and Karnataka, has increased to an average ₹26,000/acre from ₹15,000 (or 73 per cent) during last four years, according to a market research firm. “There are two major factors supporting the increased profits. One is better yield and the other is higher procurement of the crop (at minimum support price),” said Priyanka Mallick, CEO of Q&Q Research Insights. The study covers 3,800 farmers in major rice growing districts across all those nine States and was conducted in kharif season from 2019 to 2022. The average land holding of the farmers who were part of the survey was 6 acres.

<https://www.thehindubusinessline.com/economy/agri-business/profitability-of-rice-farmers-increase-73-in-4-years/article66997346.ece>

Infrastructure

NHAI plans to raise Rs 60,000 crore from securitisation of 4 projects

The National Highways Authority of India (NHAI) is seeking to raise ₹60,000 crore through securitisation of four under-construction road projects over the next three-five years, officials said. A proposal in this regard is before the Cabinet Committee on Economic Affairs (CCEA), said a senior NHAI official, who did not wish to be identified.

<https://economictimes.indiatimes.com/news/economy/infrastructure/nhai-eyes-raising-rs-60000-crore-by-securitising-four-highways/articleshow/101198004.cms>

NIIF in talks to raise \$244 million for infrastructure

India’s National Investment & Infrastructure Fund is in talks to raise at least 20 billion rupees (\$244 million) for an infrastructure investment trust, according to people familiar with the matter. The vehicle would include some assets from Athaang Infrastructure, which operates toll roads, according to one of the people, who declined to be identified because the information is private. The investment will be a private placement and the fund raising should take place by September, another person said.

<https://economictimes.indiatimes.com/news/economy/infrastructure/indias-niif-in-talks-to-raise-244-million-for-infrastructure/articleshow/101182193.cms>

Energy

India's power sector transforms into surplus in nine years: RK Singh

India's power sector underwent a transformation phase to become "surplus" from a deficit in the last nine years, Union Minister R K Singh said on Thursday. More than 185 gigawatt (GW) of generation capacity has been added "transforming the country from a power deficit to a power surplus", the Power and New and Renewable Energy Minister said while addressing a conference on the achievements of his ministry here.

<https://www.financialexpress.com/industry/indias-power-sector-transforms-into-surplus-in-nine-years-rk-singh/3138082/>

Consumption of natural gas falls 12.4% in May

India's natural gas consumption fell 12.4% from a year earlier in May, as imports sharply dropped despite a price decline in the international spot market over the last few months. Total gas consumption in May was 5,066 million metric standard cubic meters (mmscm), according to oil ministry data. Consumption during the April-May period, the first two months of the fiscal year, was 3.4% lower than the same period last year.

<https://economictimes.indiatimes.com/industry/energy/oil-gas/consumption-of-natural-gas-falls-12-4-in-may/articleshow/101200605.cms>

500 GW target by 2030 within reach: After a brief lull, RE capacity gathers pace in Q1

After a slowdown in FY23 due to inflated costs of solar modules, capacity addition in the renewable energy (RE) sector has quickened in the current quarter, and industry players are sanguine about the medium-term prospects. Removal of non-tariff barriers on import of capital equipment for solar power has instilled confidence among developers, and the auctioning of new projects is expected to gather pace, industry sources and analysts say.

<https://www.financialexpress.com/industry/500-gw-target-by-2030-within-reach-after-a-brief-lull-re-capacity-gathers-pace-in-q1/3136362/>

Telecom

TRAI consultation on encouraging innovative tech, business models via regulatory sandbox in digital communication

Telecom regulator TRAI has floated a discussion paper on encouraging innovative technologies, services, use cases, and business models through a regulatory sandbox in the digital communication sector. The consultation paper proposes a draft sandbox framework and seeks inputs from stakeholders on its various aspects. This draft sandbox framework includes information on the goals and scope of the architecture, participant eligibility requirements, prerequisites for applicants, supporting materials needed with applications, and application evaluation criteria.

<https://economictimes.indiatimes.com/industry/telecom/telecom-policy/trai-consultation-on-encouraging-innovative-tech-business-models-via-regulatory-sandbox-in-digital-communication/articleshow/101195998.cms>

Telecom regulator to meet OTT cos on action against phishing, spam calls

By seeking the cooperation of communication apps such as WhatsApp, Signal, Telegram, and Instagram, the Telecom Regulatory Authority of India (TRAI) is expanding its efforts to stop spam calls, messages, and phishing, according to a report in The Economic Times on Thursday. Trai will soon call a meeting with the makers of over-the-top (OTT) communication apps to discuss how these apps can be integrated into Trai's mechanism for controlling spam and phishing, official said.

https://www.business-standard.com/industry/news/telecom-regulator-trai-to-meet-ott-cos-on-action-against-phishing-spam-calls-123062200457_1.html

Telcos, tech firms spar over Wi-Fi band now

After private network and satellite communications services, telecom service providers and technology firms like Google, Microsoft, Meta and Amazon are now crossing swords over the allocation of 6 GHz spectrum. This band has

the potential to carry high speed data and is globally used for offering Wi-Fi services. Telecom firms like Reliance Jio, Bharti Airtel and Vodafone Idea, through their association Cellular Operators Association of India, want the airwaves in this band to be reserved exclusively for them and be allocated through auctions.

<https://www.financialexpress.com/industry/telcos-tech-firms-spar-over-wi-fi-band-now/3136497/>

States

Punjab announces Rs 300 cr incentive to promote use of electric vehicles

Punjab's transport minister Laljit Singh Bhullar has said the state government will provide incentives worth around Rs 300 crore in the next three years to promote the adoption of electric vehicles (EVs) and reduce pollution. These incentives will be provided on electric two-wheelers, e-cycles, e-rickshaws, e-autos and electric light commercial vehicles. He directed the officials of the transport department to write a letter to the finance department for creating a dedicated EV fund to facilitate initiatives for the adoption of the EVs in the state. He was presiding over a meeting of the state level EV committee, which has been set up for the implementation of the Electric Vehicle Policy-2023, here on Wednesday.

https://www.business-standard.com/industry/auto/punjab-announces-rs-300-cr-incentive-to-promote-use-of-electric-vehicles-123062200349_1.html

Government exploring expansion of ESIC coverage: Delhi Labour Minister

The Delhi government on Thursday said that it is working to include as many employees as possible in the Employees' State Insurance Corporation (ESIC) and provide them with all the benefits. The government is also exploring the possibility of increasing the minimum wage limit from Rs 21,000 to Rs 31,000 to expand the number of employees covered under the ESIC, Delhi Labour Minister Raaj Kumar Anand said while chairing an ESIC board meeting on Thursday.

<https://economictimes.indiatimes.com/news/economy/policy/govt-exploring-expansion-of-esic-coverage-delhi-labour-minister/articleshow/101199489.cms>

External

MDBs' lending resources to face more pressure: FM Nirmala Sitharaman

Finance Minister Nirmala Sitharaman on Thursday said multilateral development banks' (MDBs') lending resources would face increased pressure as non-borrowing shareholders were asking them to expand their mandate to address transboundary challenges. Sitharaman was speaking at a roundtable discussion on 'Evolving the model of MDBs to address 21st century challenges' in Paris, France.

https://www.business-standard.com/industry/banking/mdbs-to-face-increased-pressure-on-lending-resources-fm-sitharaman-123062200981_1.html

US, India agree to end six WTO disputes, lift some tariffs

The United States and India have agreed to end six disputes at the World Trade Organization, US authorities said Thursday, after a meeting between the countries' leaders. India also "agreed to remove retaliatory tariffs" on certain US products such as chickpeas, lentils and almonds, the US Trade Representative's (USTR) office added in a statement.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/us-india-agree-to-end-six-wto-disputes-lift-some-tariffs/articleshow/101200514.cms>

Government imposes export curbs on chromium ores

The government on Thursday imposed export restrictions on chromium ores and concentrates, used in different industries including stainless steel production. India exported chromium ores and concentrates worth USD 10.96 million during 2022-23, with almost all going to China. The decision would discourage the export of these minerals as now an exporter would have to take a licence from the Directorate General of Foreign Trade (DGFT) for these shipments. "The export items under HS Code 2610 have been placed under restricted category with immediate effect," the DGFT said in a notification.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/government-imposes-export-curbs-on-chromium-ores/articleshow/101197531.cms>