



June 26, 2023 – Monday

Economy

Inflation is slowing down personal consumption expenditure: RBI report

Inflation is slowing down personal consumption expenditure, which, in turn, is moderating corporate sales and holding back private investment in capacity creation, a Reserve Bank of India (RBI) report said on Friday. The monthly state of the economy report also said the Indian rupee was turning out to be one of the most stable currencies with implied volatility at its lowest level since 2008. Implied volatility is the metric that captures the market's view of the likelihood of fluctuations in its value.

https://www.business-standard.com/economy/news/inflation-is-slowing-down-personal-consumption-expenditure-rbi-report-123062301210_1.html

India to account for 12% of global m-cap by 2075; GDP to surpass US

Goldman Sachs has predicted the Indian economy and market will be among the top globally by 2050 and even surpass the US by 2075. In a report titled, The Path to 2075-Capital Market Size and Opportunity, the US-based investment bank said the growth in Emerging Markets (EM) will continue to outpace that in the developed market, with 7 of the top 10 world economies becoming EMs by 2075.

https://www.business-standard.com/economy/news/india-to-account-for-12-of-global-m-cap-by-2075-gdp-to-surpass-us-123062400271_1.html

Government to launch portal for unclaimed dividends, shares by February

The government will launch an integrated portal for investors, as proposed in the Union budget for 2023-24, by February 2024 to enable them to get unclaimed dividends and shares quickly, a senior official said. The Investor Education and Protection Fund Authority (IEPFA), under the corporate affairs ministry, is also planning to ease the process for investors to get the unclaimed shares and dividends, the official told ET, adding that this will curtail the requirement of certain superfluous documentations.

<https://economictimes.indiatimes.com/news/economy/policy/government-to-launch-portal-for-unclaimed-dividends-shares-by-february/articleshow/101261861.cms>

Banking and Finance

Banks may give up rights to revive housing projects

Many high-street banks will give up their first claims over assets and cash flow in favour of new financiers who step in to revive stuck housing projects that have left millions of home buyers across the country in the lurch. Banks CEOs and senior industry officials discussed the matter a week ago, with several of them willing to relinquish their rights to new lenders offering priority funding.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/banks-may-give-up-rights-to-revive-housing-projects/articleshow/101262368.cms>

Bank loans to NBFCs under RBI scanner

Annual inspections by the Reserve Bank of India (RBI) has commenced for banks. With FY23 financials under the scanner, what's grabbing the regulator's attention is the loans handed out by banks to non-banking finance companies (NBFCs). With the share of bank loans to NBFCs as a percentage of loan book increasing to 13-16 per cent for the top 20 players — a jump of 200-250 basis points — the RBI is ascertaining the implication of these loans to the balance sheets of banks from an asset quality perspective.

<https://www.thehindubusinessline.com/money-and-banking/bank-loans-to-nbfc-under-rbi-scanner/article67008564.ece>

At 23 pc spend, Andhra Pradesh leads laggards in state capex in FY23; Karnataka, Bihar cross 100 pc

Most large states have fallen behind their budgeted capex targets by a wide margin in FY23, which was pegged at Rs 7.4 lakh crore but could spend only Rs 5.71 lakh crore or 76.2 per cent only, according to an analysis. Only four states -- Karnataka, Sikkim, Arunachal and Bihar -- have over-achieved their targets, while Jharkhand and Madhya Pradesh's capex spending stood at 98 per cent each. Eleven states fared better with 80 per cent target achievements, as per the analysis by Bank of Baroda economists. As against this, in FY21, the underachievement level was a high 72 per cent, primarily due to the pandemic emergency spending, and had improved to 95 per cent in FY22.

<https://economictimes.indiatimes.com/news/economy/finance/at-23-pc-spend-andhra-pradesh-leads-laggards-in-state-capex-in-fy23-karnataka-bihar-cross-100-pc/articleshow/101256274.cms>

Industry

MCA should devise a policy to review mature start-ups to comply with corporate governance: Ajay Tyagi

Amid the various perspectives emerging on start-up ecosystem and its inherent vulnerabilities, following the fiasco involving edtech major Byju's, a strong recommendation has come from former SEBI Chairman Ajay Tyagi, who said that the MCA should step into the scene to put in place an institutionalised review mechanism on corporate governance compliances of certain mature start-ups. The Ministry of Corporate Affairs (MCA) should come up with a policy to analyse and review the corporate governance practices of mature start-ups in which the valuation has grown high or the turnover has increased beyond a level or there are plans to launch an IPO, Tyagi told businessLine here on the sidelines of Start-ups Corporate Governance Conclave.

<https://www.thehindubusinessline.com/economy/mca-should-devise-a-policy-to-review-mature-start-ups-to-comply-with-corporate-governance-ajay-tyagi/article67008205.ece>

India's steel production rises 4.1% in May, global output falls 5%

India has registered a 4.1 per cent growth in its crude steel production at 11.2 MT amid 5.1 per cent downfall in the global output at 161.6 MT in May 2023, according to the World Steel Association (worldsteel). Despite a 7.3 per year-on-year (y-o-y) fall, China remained the top steel producing country in May with 90.1 MT crude steel production, worldsteel data showed.

https://www.business-standard.com/economy/news/india-s-steel-production-rises-4-1-in-may-global-output-falls-5-123062300350_1.html

Indian smartphone makers urge government to cut input tariffs

The mobile manufacturing industry has called on the government to reduce input tariffs saying the current regime has outlived its utility and is putting India at a competitive disadvantage against the likes of China and Vietnam. The industry said India's mobile manufacturing has transformed drastically over the past few years with the country achieving over \$11.5 billion of mobile phone exports in the last fiscal.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/indian-smartphone-makers-urge-government-to-cut-input-tariffs/articleshow/101262293.cms>

Growing wearables production in India bleeds China units

The surge in wearables manufacturing in India is impacting Chinese assembly lines adversely, with many factories in that country facing a sharply reduced order book, several industry executives ET spoke to have said. Top wearables brands such as Boat and Gizmore are making most products locally in key categories audio and smartwatch through electronics contract manufacturers such as Dixon Technologies and Optiemus Electronics, the people added.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/growing-wearables-production-in-india-bleeds-china-units/articleshow/101264941.cms>

Electric car companies roll out consumer schemes to keep sales in fast lane

Sales of electric cars in India are showing signs of cooling off after being in the fast lane for the last couple of years prompting manufacturers to launch consumer schemes for the first time ever to push the slow-moving models, said multiple dealers ET spoke with. With supply is gradually matching demand, inventory has started mounting for dealers. On an average, around 200 electric cars are sold in India per day. The dealers are holding inventory for 15-25 days. This would translate into inventory worth ₹450-800 crore, as per dealer estimates. Electric car market leader Tata Motors and MG Motor launched attractive limited-period consumer schemes last week. Officials at the two firms however, maintained that the schemes are not a reflection of softening of demand and have been launched only to correct stock mis-matches.

<https://economictimes.indiatimes.com/industry/renewables/electric-car-companies-roll-out-consumer-schemes-to-keep-sales-in-fast-lane/articleshow/101262327.cms>

Travel companies seek 20% TCS deadline extension, say system not ready

Travel companies and industry bodies are scrambling to extend the implementation of a new rule that mandates a 20% tax collected at source on overseas tours set to kick in from July 1 claiming an absence of proper mechanisms in place. "I understand that banks are finding it difficult to calculate the TCS component as the reporting systems are not ready," said Jyoti Mayal, president, Travel Agents Association of India (TAAI) and vice chairperson, Federation of Associations in Indian tourism & Hospitality (FAITH).

<https://economictimes.indiatimes.com/industry/services/travel/travel-companies-seek-20-tcs-deadline-extension-say-system-not-ready/articleshow/101262269.cms>

Industry hails outcomes of PM Modi's US visit

The Indian Industry has hailed the outcomes of Prime Minister Narendra Modi's visit to the US. Federation of Indian Chambers of Commerce & Industry (FICCI) President, Subhrakant Panda, said PM Modi's landmark visit to the US has been very successful with several substantive outcomes relating to semiconductors defence acquisitions, access to critical technology, the Artemis Accord for space cooperation and the resolution of six outstanding trade disputes. "I'm very confident that this is the start of a new chapter in the bilateral relationship with mutual trust and convergence of views on strategic issues. It will benefit not just the two nations but the world at large. As the prime minister said the future is AI America and India...," he said.

<https://economictimes.indiatimes.com/news/india/industry-hails-outcomes-of-pm-modis-us-visit/articleshow/101251862.cms>

Infrastructure

NHAI looks to pare debt via asset monetisation, higher toll income

The National Highways Authority of India (NHAI) has drawn up a plan to pare its debt, which stood at Rs 3.43 lakh crore at the end of March, through a mix of asset monetisation and improved toll income, officials said. The NHAI did not borrow in 2022-23 after its budgetary allocation was raised to Rs 1.42 lakh crore and it was stopped from raising more debt. The highways builder has not borrowed in 2023-24 either, when it has been allocated Rs 1.62 lakh crore in the Union budget.

<https://economictimes.indiatimes.com/news/economy/infrastructure/nhai-looks-to-pare-debt-via-asset-monetisation-higher-toll-income/articleshow/101261727.cms>

Robust warehousing demand across India drives institutional investors' interest

The robust growth in demand for warehousing and logistics sector across India is driving the appetite for these assets among institutional investors including real estate funds, alternate investment funds (AIF), sovereign funds, pension funds. The warehousing segment has garnered the second highest share in equity investments among real estate assets after commercial offices. And this preference for the asset class surpassing residential, retail or any other segment is expected to continue this year as well, experts said.

<https://economictimes.indiatimes.com/industry/services/property/-/cstruction/warehousing-sector-boom-driving-investor-interest/articleshow/101262369.cms>

Energy

New electricity tariff rules to make bills cheaper during solar hours

The Centre on Friday passed an amendment to the Electricity (Rights of Consumers) Rules, 2020, to make two significant changes to the current power system. These changes are related to the implementation of the Time of Day (ToD) Tariff system and the rationalisation of smart metering provisions. In the Time of Day (ToD) Tariff system, rather than being charged the same rate for electricity at all times of the day, the price you pay for electricity will vary according to the time of day.

https://www.business-standard.com/economy/news/new-electricity-tariff-rules-to-make-bills-cheaper-during-solar-hours-123062300484_1.html

Telecom

Govt extends telecom equipment testing deadline again

The government on Friday once again extended the deadline to implement mandatory testing and certification of telecommunication equipment (MTCTE). The rules, which were scheduled to come into effect from July 1, will now kick in from October 1 and January 1, 2024 based on different products, according to a notification by the Telecommunication Engineering Centre (TEC).

<https://www.financialexpress.com/industry/govt-extends-telecom-equipment-testing-deadline-again/3140289/>

States

Rajasthan govt gives a booster shot to rural health infrastructure

The Rajasthan government has proposed to provide 500 additional 104 Janani Express ambulances and 108 emergency vehicles to strengthen health infrastructure in the state. "The process has already been started," a senior official of the medical & health department said. The government plans to spend more than Rs 22,000 crore in the fiscal year 2023-24 (FY24). This is around 7.4 per cent of the Budget outlay, which is higher than the majority of the states in the country.

https://www.business-standard.com/economy/news/rajasthan-govt-gives-a-booster-shot-to-rural-health-infrastructure-123062301176_1.html

Chhattisgarh government's high-tech millet push to double productivity

The Chhattisgarh government will promote hi-tech millet farming in 14 districts to double the productivity of the coarse grains in the state. Aiming to promote millet cultivation, the government has initiated the Millet Mission, facilitated by the Chhattisgarh State Minor Forest Produce Federation, to provide training to farmers, ensure the availability of high-quality seeds, and enhance productivity.

https://www.business-standard.com/economy/news/chhattisgarh-government-s-high-tech-millet-push-to-double-productivity-123062301172_1.html

External

India to remove retaliatory customs duties on eight US-origin products

India will remove additional duties on eight US products, including chickpeas, lentils and apples, which were imposed in 2019 in response to America's measure to increase tariffs on certain steel and aluminium products, government sources said. During the recent state visit of Prime Minister Narendra Modi to the US, both countries decided the termination of six WTO (World Trade Organisation) disputes and the removal of these retaliatory tariffs on certain US products.

https://www.business-standard.com/economy/news/india-to-remove-retaliatory-customs-duties-on-eight-us-origin-products-123062500492_1.html

India, Australia may conclude talks for comprehensive trade deal by Dec

India and Australia plan to conclude negotiations for a comprehensive trade pact by December, a year after implementing the interim Economic Cooperation and Trade Agreement (ECTA), according to people aware of the matter. When the ECTA was signed last year, it was decided that the larger idea would be to use the foundation of the interim deal to resume negotiations on the more ambitious trade deal or the Comprehensive Economic Cooperation Agreement (CECA).

https://www.business-standard.com/economy/news/india-australia-aim-to-conclude-trade-talks-by-dec-fourth-round-in-july-123062300943_1.html

India, Egypt elevate ties to 'strategic partnership' during PM Modi's visit

On Sunday, the concluding day of Prime Minister (PM) Narendra Modi's two-day visit to Cairo, India and Egypt signed a "landmark" strategic partnership treaty, which the two sides had agreed upon during Egyptian President Abdel Fattah el-Sisi's visit to New Delhi in January this year as chief guest for the Republic Day parade. Cairo is keen on increased Indian investments. It has suggested New Delhi use Egypt's geographical location as a springboard to three regions: Europe, West Asia, and the whole of Africa, and offered the possibility of an industrial zone for India in Egypt.

https://www.business-standard.com/economy/news/india-egypt-elevate-ties-to-strategic-partnership-during-pm-modi-s-visit-123062500640_1.html

Trade diversification: India set to revive FTA talks with South Africa-led group

India is set to revive talks for a free trade agreement with the five-member South African Customs Union (SACU), a big market for its automobiles, refined petroleum products, unmounted diamonds, and pharmaceuticals, in a bid to get a firmer foothold in the African market and diversify trade, according to official sources. "We had a meeting with the SACU Secretariat on the proposed FTA/PTA. They are willing to engage. We have to, however, start from scratch. Once we finalise the terms of reference, we will announce a common date for the start of negotiations," an official tracking the matter told businessline.

<https://www.thehindubusinessline.com/economy/trade-diversification-india-set-to-revive-fta-talks-with-south-africa-led-group/article67008367.ece>

India in bilateral talks with Brazil to resolve sugar dispute at WTO

India is in negotiations with Brazil to resolve a sugar dispute at the World Trade Organisation (WTO) and the commerce ministry is coordinating with concerned departments for the same, government sources said. India is also following a similar process for other complainants of the sugar dispute at the Geneva-based WTO, they said. In 2019, Brazil, Australia and Guatemala dragged India into the WTO's dispute settlement mechanism alleging that New Delhi's sugar subsidies to farmers are inconsistent with global trade rules.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-in-bilateral-talks-with-brazil-to-resolve-sugar-dispute-at-wto/articleshow/101252428.cms>

Engineering exports fall in May as demand in US and China continue to decline

Engineering exports dropped 4.16 per cent in May 2023 (year-on-year) to \$9.3 billion as shipments to key markets like the US and China continued to decline, but there was a substantial increase in exports to new Free Trade Agreement partner countries, the UAE and Australia, as per an EEPIC India analysis. "Engineering exports from India continued to decline for the second straight month in fiscal 2023-24, but the decline was slower at 4.16 per cent (year-on-year) in May as against 7.26 per cent in April. Cumulative engineering exports declined by 5.71 per cent to \$18.28 billion in April-May 2023-24," the report pointed out

<https://www.thehindubusinessline.com/economy/engineering-exports-fall-in-may-as-demand-in-us-and-china-continue-to-decline/article67008431.ece>

Tea exports likely to be hit by geopolitical tensions, challenges over payment mechanism

India's tea exports, which had registered almost a 15 per cent rise in 2022 at 226.98 million kg (mkg), might witness a dip in 2023 on the back of the geopolitical situation, particularly in Russia, and with Iran yet to resume issuance of registration of proforma, which is mandatory for importing from India. According to industry insiders, exports are

likely to drop by almost 10 per cent during 2023 as India has been facing challenges in some of the traditional markets, including Iran, Turkey, Russia, Iraq, China, and Pakistan.

<https://www.thehindubusinessline.com/economy/agri-business/tea-exports-likely-to-be-hit-by-geopolitical-tensions-challenges-over-payment-mechanism/article67007768.ece>

Foreign exchange reserves surge by \$2.34 billion to \$596 billion: RBI data

The country's foreign exchange reserves increased by \$2.34 billion to \$596 billion in the week ended June 16, latest data released by the Reserve Bank of India showed. With the exception of gold reserves, all other segments rose on the weekly basis. The reserve rose mainly on account of a rise in the RBI's foreign currency assets, which rose by 2.57 billion to \$527.65 billion in the previous week.

https://www.business-standard.com/markets/news/foreign-exchange-reserves-surge-by-2-34-billion-to-596-billion-rbi-data-123062300972_1.html

Third G20 infra summit meet from Monday with an eye on sustainability

The third G20 infrastructure working group (IWG) meeting under India's presidency begins in Narendranagar (Uttarakhand), on Monday. Sixty-three delegates from G20 member countries, invitee nations and top global universities, such as Cambridge and Oxford, will take part in the meeting.

https://www.business-standard.com/india-news/3rd-g20-infra-working-group-meet-kicks-off-with-eye-on-cities-of-tomorrow-123062500617_1.html