



July 12, 2023 – Wednesday

Economy

India registers poverty reduction with 415 mn coming out in 15 years: UN

A total of 415 million people moved out of poverty in India within just 15 years from 2005/2006 to 2019/2021, the UN said on Tuesday, highlighting the remarkable achievement by the world's most populous nation. The latest update of the global Multidimensional Poverty Index (MPI) was released by the United Nations Development Programme (UNDP) and the Oxford Poverty and Human Development Initiative (OPHI) at the University of Oxford. It said that 25 countries, including India, successfully halved their global MPI values within 15 years, showing that rapid progress is attainable. These countries include Cambodia, China, Congo, Honduras, India, Indonesia, Morocco, Serbia, and Vietnam.

https://www.business-standard.com/india-news/india-registers-poverty-reduction-with-415-mn-coming-out-in-15-years-un-123071100247_1.html

RBI rate cut may be delayed as veggies, pulses push up inflation: Economists

A quarter of persistently high prices of tomato and vegetables and a spike in the price of pulses could push up retail inflation by 10-30 basis points, forcing the Reserve Bank to hold rates longer, say economists. But, economists said persistently high prices could move the average inflation for FY24 to 5.3-5.5% in the worst-case scenario. That could delay the first rate cut since May 2020 by the central bank that economists were expecting later this year or early 2024. "If prices remain high, RBI may not go for a rate cut in early 2024," said Madan Sabnavis, chief economist, Bank of Baroda. Sabnavis was pencilling in a rate cut in February.

<https://economictimes.indiatimes.com/news/economy/indicators/rbi-rate-cut-may-be-delayed-as-veggies-pulses-push-up-inflation-economists/articleshow/101677203.cms>

Surging food prices seen pushing up India's inflation in June

Spiraling prices of tomato, onion and pulses are emerging as new risks for India's retail inflation, reaffirming expectations of a hawkish hold from the central bank for the rest of the year. After moderating for four months, consumer price inflation probably accelerated to 4.6% in June, according to a Bloomberg survey of economists. That compares with a 25-month low reading of 4.25% in May. Official data is due 5:30 p.m. local time Wednesday.

<https://economictimes.indiatimes.com/news/economy/indicators/surging-food-prices-seen-pushing-up-indias-inflation-in-june/articleshow/101681563.cms>

Banking and Finance

RBI governor Shaktikanta Das asks bank CEOs to focus on governance

Reserve Bank of India (RBI) Governor Shaktikanta Das on Tuesday asked chief executives of banks to pay special attention to strengthening the governance and be extra careful and vigilant amid adverse global developments. They should also focus on the tripod of banking stability consisting of compliance, risk management, and audit functions. The Indian banking system had shown good performance despite various adverse global developments, Das said in his remarks.

https://www.business-standard.com/economy/news/rbi-governor-asks-bank-ceos-to-strengthen-governance-be-vigilant-123071100884_1.html

CBDC QR code to be interoperable with UPI by July-end: RBI T Rabi Sankar

The Reserve Bank of India (RBI) will implement interoperability between central bank digital currency (CBDC) and United Payments Interface (UPI) by the end of this month, Deputy Governor T Rabi Sankar said on Tuesday at an Indian Banks' Association conference. The customers would be able to use a single QR code to pay through UPI and CBDC. Thirteen banks have placed the system, and the central bank aims to reach 1 million transactions through CBDC per day by the end of the current calendar year, Rabi Sankar said. At present, banks process 5,000-10,000 transactions per day.

https://www.business-standard.com/economy/news/cbdc-qr-code-interoperable-with-upi-by-july-end-rbi-s-t-rabi-sankar-123071100990_1.html

Banks remain wary of RBI's VRRR auctions, park under 25% of target amount

Banks remain hesitant towards the Reserve bank of India's variable rate reverse repo auctions. They parked Rs 40,291 crore against the notified amount of Rs. 200,000 crore at a weighted average rate of 6.49 per cent. The central bank has conducted six VRRR auctions so far this month to remove surplus liquidity from the system. The total notified amount in the last five auctions was Rs 6 trillion, in which banks have parked only Rs 364,232 crore.

https://www.business-standard.com/economy/news/banks-continue-to-show-hesitance-towards-rbi-s-vrrr-auctions-123071100550_1.html

Capital expenditure by CPSEs touches 32% of target in first quarter

Capital expenditure (capex) by 54 large central public sector enterprises (CPSEs) and five departmental arms having an annual capex target of Rs 100 crore and above has touched 32 per cent of their annual capex target of Rs 7.33 trillion in the first quarter of this financial year, according to government sources. This is in comparison to 20.7 per cent capex spent by the CPSEs during the June quarter a year ago. The capex by this group of CPSEs is around Rs 2.34 trillion in the April-June quarter so far. This is around 71 per cent growth in capex against Rs 1.37 trillion spent in the first quarter of FY23. The central government had increased the capex target by 13.4 per cent in FY24 over the revised target of Rs 6.46 trillion in FY23.

https://www.business-standard.com/economy/news/capital-expenditure-by-cpses-touches-32-of-target-in-first-quarter-123071100791_1.html

GST Council decides to levy uniform taxation for utility vehicles

India's Goods and Services Tax (GST) Council said that uniform taxation would be levied on multi utility vehicles and sports utility vehicles, according to a statement. The body, chaired by India's Finance Minister Nirmala Sitharaman and comprised of state finance ministers, decided all large cars, by whatever name they are called, will attract 22% cess, which is an additional tax imposed over and above GST. The cess tax will be on top of a 28% tax if their length exceeds 4000 mm, have engine capacity of over 1500 cc, and have ground clearance of 170 mm.

https://www.business-standard.com/industry/auto/gst-council-decides-to-levy-uniform-taxation-for-utility-vehicles-123071101059_1.html

Industry

Government adds 43 new partners to implement SAMARTH, 5% higher support

The government has partnered with 157 textile industries, industry associations, 16 central and state government agencies and three sectoral organisations to undertake training programmes under Scheme for Capacity Building in Textiles Sector (SAMARTH). In a statement issued Tuesday, the textiles ministry said that 43 new implementing partners have been empanelled under the scheme with an additional training target of 75,000 beneficiaries and 5% increment in support to implementing partners. "The funding pattern has also been revised with an increment of 5% in cost norms, which will give much needed additional financial support to industries imparting skill under this scheme," the ministry said

<https://economictimes.indiatimes.com/industry/cons-products/garments-/textiles/government-adds-43-new-partners-to-implement-samarth-5-higher-support/articleshow/101676263.cms>

India's steel output grows 8.37 pc to 33.63 MT in Apr-Jun; upward trend to continue: SteelMint

India's crude steel production increased by 8.37 per cent in April-June period to 33.63 MT and the momentum is likely to continue in the current quarter as well, according to SteelMint. Higher production and capacity ramp-up activities by steel mills will meet the increasing demand, the research firm said in a note. India had produced 31.03 million tonnes (MT) of steel in the April-June quarter of the preceding 2022-23 financial year, SteelMint data showed. Finished steel production in India rose 11.66 per cent in the quarter under review to 32.41 MT, from 29.03 MT in the same quarter a year ago. The domestic steel consumption rose 10.16 per cent to 30.29 MT from 27.50 MT a year ago.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/steel/indias-steel-output-grows-8-37-pc-to-33-63-mt-in-apr-jun-upward-trend-to-continue-steelmint/articleshow/101664149.cms>

Domestic automobile industry likely to log 17% revenue growth in June qtr: Report

Domestic automobile industry is expected to log a 17 per cent year-on-year revenue growth in the June quarter of FY24, a report said on Tuesday. This estimated growth will be led by healthy growth across segments, barring muted growth in battery companies, brokerage firm Emkay Global said in its report. The revenue growth projections are excluding Tata Motors, it said. Segment wise, the report said, the domestic two-wheeler industry's volumes are likely to have improved by around 10 per cent Year-on-Year (YoY) in Q1, primarily on account of continued and healthy demand from the urban/premium segment.

<https://economictimes.indiatimes.com/industry/auto/auto-news/domestic-automobile-industry-likely-to-log-17-revenue-growth-in-june-qtr-report/articleshow/101675938.cms>

Sale of luxury vehicles sees 38% jump YoY in June, much ahead of overall automobile sales growth

Sales of luxury vehicles in India grew in the strong double-digits in the first six months of the year, outpacing the overall automotive industry and reaffirming India's credentials as the fastest growing major economy in the world. According to industry estimates, about 20,000 luxury vehicles were sold between January and June - a 38% jump over 14,500 units sold in the same period a year ago. Strong consumer demand, especially at the top end of the market, and healthy order books across manufacturers will help sustain momentum through the year and push overall volumes past the pre-pandemic peak of 40,000 units in 2018, senior industry executives told ET.

<https://economictimes.indiatimes.com/industry/auto/cars-uvs/sale-of-luxury-vehicles-sees-38-jump-yoy-in-june-much-ahead-of-overall-automobile-sales-growth/articleshow/101681647.cms>

Agriculture

Crisil raises concerns over 'inflation' in pulses due to changing weather patterns

This year, assuming that pulses inflation continues to display the cobweb phenomena (albeit less pronounced), the next peak could be 6 to 7 months away, according to Crisil Ratings. Moreover, truant weather patterns last year caused some damage to production, which could have some impact on prices. The rating agency said that this year too, policymakers will have to keep their eyes peeled on monsoon behaviour and its implication on prices, and accordingly take measures to correct price pressure.

<https://economictimes.indiatimes.com/news/economy/agriculture/crisil-raises-concerns-over-inflation-in-pulses-due-to-changing-weather-patterns/articleshow/101659505.cms>

Infrastructure

Government proposes scheme for hydropower projects with ₹16,000-crore outlay

The power ministry has proposed a scheme with an initial outlay of around ₹16,000 crore to financially support new hydropower projects, people in the know said. The financial support will envisage enabling infrastructure and grant for the north-eastern states to pick stakes in such projects, they said. The scheme will be part of the broader hydropower policy that has already been sent to the Cabinet for approval last month, one of the people said. Enabling infrastructure around hydropower projects will get a budgetary support of around ₹12,000 crore. While the enabling infrastructure for such projects currently includes roads and bridges, transmission lines from the power

station to the pooling stations too could be added to it as per the proposal. Pumped hydropower storage projects may also get the financial benefits.

<https://economictimes.indiatimes.com/industry/energy/power/government-proposes-scheme-for-hydropower-projects-with-16000-crore-outlay/articleshow/101678165.cms>

States

Government of Meghalaya, NTPC sign MoU to enhance power supply

The Government of Meghalaya and NTPC Limited have signed a series of Memorandum of Understanding (MoUs) aimed at enhancing the power scenario in Meghalaya. The signing ceremony took place at New Delhi in the presence of Chief Minister Conrad K Sangma, Power Minister Abu Taher Mondal, Gurdeep Singh, Chairman and Managing Director of NTPC Limited and Sanjay Goyal, CMD, MeECL. These strategic MoUs mark a significant milestone in the collaborative efforts to uplift the power infrastructure and connectivity across Meghalaya. The agreements encompass the Power Portfolio Management Services (PMS) for Meghalaya Discom, setting up of Pump Storage Power Plants (PSPs), and implementation of Floating Solar projects in the state.

<https://economictimes.indiatimes.com/industry/energy/power/government-of-meghalaya-ntpc-sign-mou-to-enhance-power-supply/articleshow/101646567.cms>

Healthcare

India demands higher manufacturing standards from small drugmakers

India is demanding higher standards from small and medium-sized drugmakers, the health minister said on Tuesday, in a bid to improve product quality after Indian-made cough syrups were linked to deaths of children overseas. India's image as the "pharmacy of the world", offering cheaper alternatives to Western products, took a hit following the deaths of at least 89 children in Gambia and Uzbekistan last year after consuming cough syrups made in India. Indian health authorities have denied any link between the deaths and cough syrups made in India. Companies who manufactured the syrups have also denied wrongdoing.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals/india-demands-higher-manufacturing-standards-from-small-drugmakers/articleshow/101674339.cms>

External

Commerce Ministry backs tweaks to bilateral investment treaty

The Commerce and Industry Ministry has favoured tweaks in India's model Bilateral Investment Treaty (BIT) text for some of its trade partners but is firm on its stance on foreign investors not invoking arbitration until they have exhausted all local remedies. As part of its ongoing negotiations with the European Union, India has insisted that the country's judiciary is strong and hence, investors need to exhaust all local remedies before opting for arbitration. "Tweaks can be in the BIT to suit some of our partners as there are provisions available for that," said an official.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/commerce-ministry-backs-tweaks-to-bilateral-investment-treaty/articleshow/101677494.cms>

Bangladesh, India launch trade transactions in rupees

Bangladesh and India on Tuesday launched a much-anticipated trade transaction in rupees, a move aimed at reducing dependence on the US dollar and strengthening regional currency and trade. This is the first time Bangladesh has done bilateral trade with a foreign country in addition to the US dollar. Bangladesh Bank Governor Abdur Rouf Talukder described the start of trade settlement in rupees as the "first step in a great journey". "The trade position between India and Bangladesh has seen remarkable growth, with both countries benefiting from their economic cooperation," he said at the launching ceremony here, which was also attended by Indian High Commissioner Pranay Verma.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/bangladesh-india-launch-trade-transactions-in-rupees/articleshow/101675287.cms>

To counter rich nations' environment levies, carbon tax on imports in the works

The government is considering levying a carbon tax on imports from countries with high per capita carbon emissions looking to counter rich nations' environment taxes, said people aware of the matter. Inter-ministerial discussions on such a levy have begun and a final call will be taken shortly, they said. The move comes in the backdrop of the European Union's Carbon Border Adjustment Mechanism (CBAM). "Preliminary talks are on," a government official said on condition of anonymity, adding that deliberations are on among the ministries of environment, forest and climate change, finance, and commerce and industry to devise such duties based on 'polluter pays' principle.

<https://economictimes.indiatimes.com/news/economy/policy/to-counter-rich-nations-environment-levies-carbon-tax-on-imports-in-the-works/articleshow/101677599.cms>

India, EU disagree over dispute settlement in proposed investment protection pact

India and the EU are at loggerheads over dispute settlement under the bilateral investment protection agreement being negotiated parallelly with the free trade agreement. New Delhi is opposed to the EU's proposal for an investor court model while Brussels is not comfortable with the exhaustion of local remedies clause in India's model BIT, sources tracking the matter have said. "According to the EU's proposal, an independent and international panel or court should be permanently appointed to decide on an investment-related dispute for which both sides would need to pay. India is not prepared to give its consent to such a model," an official told businessline.

<https://www.thehindubusinessline.com/economy/india-eu-disagree-over-dispute-settlement-in-proposed-investment-protection-pact/article67067987.ece>