



July 17, 2023 – Monday

Economy

Business activity, capex to improve over 12 months: S&P

Indian businesses projected a boost to business activity and capital expenditure over the coming 12 months owing to favourable demand conditions, according to S&P's Global Business Outlook Survey for June. "Predictions that demand will remain buoyant had a positive impact on measures covered by the survey such as output, employment, profitability and investment forecasts," said Pollyanna De Lima, economics associate director at S&P Global Market Intelligence. The net balance of Indian firms forecasting output growth improved to 26% in June from 21% in February, as per the report released on Monday. The net balance is calculated on a scale of -100 and 100, where a positive value signifies optimism. The value is calculated by subtracting the percentage of participants expecting a deterioration in outlook over the next 12 months from those expecting an improvement.

<https://economictimes.indiatimes.com/news/economy/indicators/business-activity-capex-to-improve-over-12-months-sp/articleshow/101805905.cms>

Banking and Finance

DICGC asks banks to display its logo, QR code on their websites

Deposit Insurance and Credit Guarantee Corporation (DICGC) has asked all banks to prominently display its logo and QR code on their websites and internet banking portals by August 31 with a view to create awareness about the deposit insurance scheme. Deposits up to Rs 5 lakh in banks are insured by the DICGC. The scheme covers deposits in commercial banks, local area banks (LABs), payments banks (PBs), small finance banks (SFBs), regional rural banks (RRBs), and co-operative banks.

In a circular, the Reserve Bank's subsidiary said deposit insurance plays an important role in protecting especially the small depositors, instill confidence in the banking system and maintain financial stability.

<https://economictimes.indiatimes.com/industry/banking/finance/insure/dicgc-asks-banks-to-display-its-logo-qr-code-on-their-websites/articleshow/101798617.cms>

'Life Insurers' premium growth may be muted

Life insurers are likely to report subdued premium growth for the first quarter of the current fiscal year following strong top-line growth in the fourth quarter of FY23. Post the implementation of budgetary changes that came into effect on April 1, high-value non-unit linked savings products are likely to see a dip. The general insurance sector, on the other hand, is expected to report robust premium growth as well as enhanced claim and operational expenditure ratios in the first quarter. In the first quarter of FY24, HDFC Life, SBI Life, and Max Financial Services are projected to achieve year-on-year annual premium equivalent (APE) growth of 15%, 8%, and 8%, respectively, while ICICI Prudential Life is likely to experience a 9% decline in APE on year.

<https://economictimes.indiatimes.com/industry/banking/finance/insure/life-insurers-premium-growth-may-be-muted/articleshow/101805909.cms>

GST directorate seeks tax on corporate guarantees

The directorate general of goods and services tax intelligence (DGGI) has sent tax demand notices to several local corporate houses over corporate guarantees given on behalf of their subsidiaries, and to multinationals where they have given such guarantees for their Indian units. The notices were sent to at least 14 companies, including automakers, FMCG and electronic goods companies, ET has learnt. In a notice ET has seen, the DGGI said the practice is a 'service' liable for taxation under GST as this is undertaken by the parent company to maximise the returns on investment on these subsidiaries.

<https://economictimes.indiatimes.com/news/economy/policy/gst-directorate-seeks-tax-on-corporate-guarantees/articleshow/101806010.cms>

Industry

EV companies to return FAME II sops or face legal action after Centre cracks the whip

The Centre will take legal action against electric vehicle (EV) makers that don't refund incentives said to have been wrongfully claimed under the Faster Adoption and Manufacturing of Electric Vehicles (FAME) II scheme, a government official said. They will also be restricted from participating in the programme's updated version, the person said. The government earmarked ₹10,000 crore to accelerate the shift to EVs under FAME in five years to March 2024. The corpus and structure of the third leg of the incentive scheme is being worked out. "Companies that claimed incentives wrongfully under FAME II have to first pay (it) back," said a second official. "Only after that will we consider whether (to) release stalled subsidies to them or allow them to participate in the scheme."

<https://economictimes.indiatimes.com/industry/renewables/ev-companies-to-return-fame-ii-sops-or-face-legal-action-after-centre-cracks-the-whip/articleshow/101809096.cms>

MDA scheme to cut 96 lakh tons chemical fertilizer imports, reap benefits of Rs 11,000 cr: IBA

The Market Development Assistance (MDA) Scheme will increase organic fertilizers production from Gobardhan Plants and will cut 96 lakh tonnes chemical fertiliser import and reap benefits worth Rs 11,000 crore, according to Indian Biogas Association (IBA). Earlier in June this year, the Cabinet Committee on Economic Affairs had approved the Rs 1,451-crore MDA scheme, which consists of innovative incentive mechanisms for the restoration, nourishment, and betterment of mother earth. In its study, the IBA said this scheme will give impetus to not only existing biogas and compressed biogas plants, which are struggling to channelize their biofertilizer, but will provide additional support for at least 500 new Biogas plants.

<https://economictimes.indiatimes.com/news/economy/policy/mda-scheme-to-cut-96-lakh-tons-chemical-fertilizer-imports-reap-benefits-of-rs-11000-cr-iba/articleshow/101795986.cms>

Agriculture

Govt procures 20% more onion at 300k tonnes for buffer stock this year

The government has procured 20 per cent more onion at three hundred thousand tonnes as buffer stock this year, while also piloting irradiation of onion with Bhabha Atomic Research Centre (BARC) to increase shelf life, Consumer Affairs Secretary Rohit Kumar Singh said on Sunday. In the 2022-23 fiscal, the government had maintained 251,000 tonnes of onion as buffer stock.

https://www.business-standard.com/economy/news/govt-procures-20-more-onion-at-300k-tonnes-for-buffer-stock-this-year-123071600211_1.html

Sowing of kharif crops picks up pace, but still 4.3% deficit YoY

The sowing of kharif crops picked up pace during the week ended July 14, as the monsoon became active over parts of North and Central India, narrowing the gap as compared to the previous week. However, there is still a significant deficit in arhar, soybean, and cotton, mainly due to insufficient rainfall in Maharashtra and Karnataka, the two big growers of these crops.

https://www.business-standard.com/economy/news/kharif-sowing-picks-up-but-pulses-soybean-cotton-still-laggards-123071400830_1.html

Govt brings down subsidised rate of tomato to Rs 80/kg

The Union government on Sunday reduced subsidised rate of tomato to Rs 80/kg from Rs 90/kg with immediate effect in Delhi-NCR, other locations. "After a re-assessment of the situation from across 500 plus points in the country, it has been decided to sell it at Rupees Eighty (80) per kg from today Sunday July 16th, 2023. Sales have started today at several points each in Delhi, NOIDA, Lucknow, Kanpur, Varanasi, Patna, Muzaffarpur and Arrah through NAFED and NCCF. It will be expanded to more cities from tomorrow depending upon the prevailing market prices at such locations," a government press release stated.

<https://economictimes.indiatimes.com/news/india/govt-brings-down-subsidised-rate-of-tomato-to-rs-80/kg/articleshow/101796134.cms>

Infrastructure

Housing market uptrend drives more land parcels under residential developments

The ongoing upcycle in the housing market segment is prompting more real estate developers to opt and propose residential developments on their land parcels that are already part of their land banks or are being acquired now. Most land parcels acquired by the developers across the country in the last 18 months have been added to their residential development pipeline and is an indication of augmented capex utilisation aimed at clocking higher sales in the upcoming quarters. Out of the total 2,181 acres of land transacted between January 2022 and May 2023, around 84% or 1,822 acres has been allocated for proposed residential developments, showed data from JLL India.

<https://economictimes.indiatimes.com/industry/services/property/-/cstruction/realtors-plan-to-use-most-land-parcels-for-housing-projects/articleshow/101806224.cms>

Energy

Coal ministry considering coal gasification scheme with outlay of Rs 6000 crore

The government is considering a comprehensive scheme to promote coal gasification projects for both government public sector undertakings (PSUs) and the private sector with an outlay of Rs 6000 crore. The Ministry of Coal has set a target to achieve coal gasification of 100 Million Tonne (MT) coal by FY 2030 reflecting the government's commitment to harnessing the power of coal gasification.

<https://www.financialexpress.com/industry/coal-ministry-considering-coal-gasification-scheme-with-outlay-of-rs-6000-crore/3172157/>

External

Commerce ministry & MeitY at odds over tariff sops to ICT goods from EU

The ministries of commerce and industry, and electronics and information technology (MeitY) have a face off on the issue of giving tariff concessions to the information and communication technology (ICT) goods coming from the European Union. While the commerce department has favoured duty concessions under the proposed bilateral free trade pact with the EU, MeitY has opposed any such move citing it to be detrimental to the country's aim to become a manufacturing hub and production-linked incentive (PLI) schemes rolled out for the tech sector to reduce dependence on China. "Commerce department has discussed with MeitY that concessions can be considered for the EU but the latter has reservations," said an official.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/commerce-ministry-meity-at-odds-over-tariff-sops-to-ict-goods-from-eu/articleshow/101805977.cms>

India & Indonesia working on payment mechanism, trading in local currencies

India and Indonesia are working on a real-time payment mechanism and trading in local currencies, the two countries announced on Sunday. "Both countries would discuss the possibility of cooperation in digital technology, payments systems under central banks and using local currency," Indonesian finance minister Sri Mulyani Indrawati said here on Sunday.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-indonesia-economic-and-financial-dialogue-to-focus-on-bilateral-investment-trade/articleshow/101802150.cms>

India looking at FTA discussions with EU to settle WTO ICT tariff dispute

India is weighing the possibility of offering the EU tariff concessions for certain ICT products, like mobile phones and base stations, as part of the India-EU Free Trade Agreement (FTA) being negotiated which could lead to an amicable settlement of the WTO dispute on the matter. But the Commerce Ministry has not yet been able to bring the Ministry of Electronics and Information Technical (MeitY) on board, which is focused on promoting domestic production, and the matter is stuck at the moment, as per sources tracking the matter.

<https://www.thehindubusinessline.com/economy/india-looking-at-fta-discussions-with-eu-to-settle-wto-ict-tariff-dispute/article67087246.ece>

Automobile exports from India dip 28 pc in Q1 as several markets hit by monetary crisis

Automobile exports from India declined 28 per cent in the April-June period this year hit by monetary crisis in Africa and various other developing countries, according to the latest data shared by industry body SIAM. Overall exports stood at 10,32,449 units in the first quarter ended on June 30, 2023 as compared with 14,25,967 units in the same period of last year. "All vehicle segments have seen a drop in exports in the first quarter, as there has been a devaluation of currencies in many destinations of exports, especially in Africa and other developing countries," Society of Indian Automobile Manufacturers (SIAM) DG Rajesh Menon said.

<https://economictimes.indiatimes.com/industry/auto/auto-news/automobile-exports-from-india-dip-28-pc-in-q1-as-several-markets-hit-by-monetary-crisis/articleshow/101796052.cms>

China, Vietnam's share in India's steel import basket rises during June 2023, says Official data

The share of countries like China and Vietnam in India's 4.84 LMT steel import basket during June 2023 has increased on a year-on-year (y-o-y) basis, according to official data. At 4.84 lakh metric tonne (LMT), India's overall steel import registered a 5.9 per cent increase on a month-on-month (m-o-m) basis and 7.6 per cent over June 2022, the Ministry of Steel said. "Share of China, Japan, Vietnam, Saudi Arabia, Russia, Nepal and the USA increased in total steel imports of India in June '23 as compared to June 22," it said. In June 2022, the import from China was 26.1 per cent and Vietnam was 1 per cent. However, in June 2023, the import from China contributed 37.1 per cent and Vietnam's share was 4.8 per cent in India's steel import basket.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/steel/china-vietnams-share-in-indias-steel-import-basket-rises-during-june-2023-says-official-data/articleshow/101799734.cms>

India's outward FDI down 50% in H1 2023 on grim global growth prospects

India's outward Foreign Direct Investment (FDI) nosedived to \$11.12 billion in January-June (H1 2023) from \$23.57 billion in the same period last year, indicative of the slowdown in the global economy, according to the Reserve Bank of India (RBI) data. The outward FDI expressed as the total financial commitment, has three components, namely equity, loan and guarantees.

https://www.business-standard.com/economy/news/india-s-outward-fdi-nosedives-in-h12023-on-grim-global-growth-prospects-123071600334_1.html

3rd G20 Sherpa meeting under India's presidency focusses on developmental goals

India's G20 presidency intends to preserve the grouping's identity and ethos as a forum for growth that brings together developed and emerging economies on a common platform. This is stated in an official statement released on Sunday at the end of a three-day Sherpas' meeting that was chaired by India's G20 Sherpa Amitabh Kant in the historic city of Hampi. The deliberations at the meeting focused on a draft communique that is set to take the shape of the leaders' joint declaration to be adopted at the G20 Summit on September 9 and 10 in New Delhi.

<https://economictimes.indiatimes.com/news/economy/policy/3rd-g20-sherpa-meeting-under-indias-presidency-focusses-on-developmental-goals/articleshow/101803251.cms>