



July 18, 2023 – Tuesday

Economy

135 million escaped poverty in five years, says NITI Aayog report

As many as 135 million people in India escaped multidimensional poverty between 2015-16 and 2019-21, according to the latest National Multidimensional Poverty Index (MPI), released by the NITI Aayog on Monday. Based on the National Family Health Survey-5 (NFHS-5) data, the central government's think tank found that the share of multidimensional poor in the Indian population declined sharply to 14.96 per cent in 2019-21, from 24.85 per cent in 2015-16.

https://www.business-standard.com/economy/news/135-mn-people-escaped-multidimensional-poverty-in-5-yrs-niti-aayog-report-123071700903_1.html

India's real GDP needs to grow at 7.6% over next 25 years for it to become a developed country: RBI bulletin

India's real GDP needs to grow at 7.6 per cent per annum over the next 25 years for it to become a developed country by 2047-48, according to an article in RBI's latest monthly bulletin. To become a developed country by 2047, India's per capita GDP needs to rise by 8.8 times from the current level of \$ 2,500 to \$ 22,000.

<https://www.thehindubusinessline.com/economy/indias-real-gdp-needs-to-grow-at-76-over-next-25-years-for-it-to-become-a-developed-country-rbi-bulletin/article67090911.ece>

States saw decrease in GVA by their manufacturing sector: Report

Twenty six States in India saw a decrease in gross value addition by their manufacturing sector, indicating the continued presence of impact of pandemic, the Niti Aayog said in its Export Preparedness Index 2022. According to the report, some ten States have also reported a decrease in inflow of foreign direct investment (FDI).

<https://www.thehindubusinessline.com/economy/states-saw-decrease-in-gva-by-their-manufacturing-sector-report/article67090882.ece>

Manufacturing sentiment positive in first quarter, shows FICCI survey

Federation of Indian Chambers of Commerce & Industry's (Ficci's) latest quarterly survey on manufacturing reveals that sentiment is positive during the first quarter (Q1). Over 57 per cent of respondents expect a higher level of production during the April-June quarter. This is on the back of higher orders and continuing optimism in domestic demand conditions in Q2 as well, the survey added.

https://www.business-standard.com/economy/news/sentiments-remain-positive-for-indian-manufacturing-in-q1-ficci-survey-123071700812_1.html

Digital competition law panel likely to finalise its report next month

The government-appointed digital competition law panel is looking into various aspects, including that of multiple agencies regulating competition in the digital markets, and is likely to finalise its report in August, according to a senior official. Chaired by Corporate Affairs Secretary Manoj Govil, the committee, which has been given more time to finalise its report, has so far held 11 meetings.

https://www.business-standard.com/india-news/digital-competition-law-panel-likely-to-finalise-its-report-next-month-123071700795_1.html

Demand for work under MGNREGS hits a 23-month high in June, shows data

Nearly 33.72 million households sought work under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS). The demand hit a 23-month high in June, as low rain in the initial part of southwest monsoon season, coupled with general weakness in rural recovery pushed up demand. Seasonally, the demand for MGNREGS is among the highest during April to June due to adequate availability of funds and absence of any tangible work from other areas but continued rise in demand, coupled with other indicators prompted several commentators to question if the benefits of economic recovery post Covid is actually trickling down.

https://www.business-standard.com/economy/news/around-33-72-million-households-sought-work-under-mgnregs-in-june-2023-123071700796_1.html

Banking and Finance

New accounting standard for insurance soon

The government will soon notify a new accounting standard for insurance contracts, which would align Indian norms with international practices and help global investors better gauge the risk exposure of domestic insurers, a senior official said. The ministry of corporate affairs (MCA) has received recommendations by the National Financial Reporting Authority (NFRA) on the Indian Accounting Standard (Ind AS) 117 for insurance contracts, he told ET. "The NFRA's suggestions are being evaluated. The standards will soon be notified under the Companies (Indian Accounting Standards) Rules 2015," he added. Subsequently, the insurance regulator could announce the date of adoption of the new standards by relevant entities, he said. The new standards will replace the current Ind AS 104, Insurance Contracts.

<https://economictimes.indiatimes.com/industry/banking/finance/insure/new-accounting-standard-for-insurance-soon/articleshow/101837170.cms>

IRDAI asks insurers to speed Up settlement of flood claims

The Insurance Regulatory and Development Authority of India (IRDAI) has asked all general insurers and standalone health insurance firms to deploy resources and shrink response-time gaps after the worst deluge in decades battered north India, damaging property and claiming multiple lives in the Himalayan foothills and the Gangetic floodplains. The regulator has asked insurers to use all resources including engaging investigators, surveyors, and loss adjusters to speed up claims settlement. Irdai has advised insurers to nominate a senior executive in each affected state or union territory (UT) and promptly communicate this appointment to the respective chief secretary or officer to ensure efficient coordination.

<https://economictimes.indiatimes.com/industry/banking/finance/insure/irdai-asks-insurers-to-speed-up-settlement-of-flood-claims/articleshow/101836991.cms>

78% of India's handmade MSMEs struggle to access working capital, hindering cultural economy growth: Report

About 78 percent of India's handmade and craft-based MSMEs (HCMs) struggle to access working capital for their daily operations, said the report "Financing a Handmade Revolution: How Catalytic Capital Can Jumpstart India's Cultural Economy" by the ecosystem enabler for artisans, 200 Million Artisans. These findings are part of a study that interviewed over 70 investors, ecosystem actors, intermediaries, and enterprises. Almost 516 craft-led MSMEs related to retail brands and social/creative enterprises participated in a pan-India survey.

<https://www.financialexpress.com/industry/sme/msme-fin-78-of-indias-handmade-msmes-struggle-to-access-working-capital-hindering-cultural-economy-growth-report/3174788/>

Holding shares of subsidiary not liable to GST, says CBIC

Holding of shares of subsidiary companies by holding company is not a "supply" and it will not attract any goods and services tax (GST). The Central Board of Indirect Taxes and Customs (CBIC) Monday came up with a series of clarifications including on the much disputed Input service distributor (ISD) mechanism and the cross charge for internally generated services. The board said that salary cost of employees is not mandatorily required to be included for services provided by the head office to branch office even in cases where full input tax credit is not available and provided businesses a free hand on how they value employee services while charging for internally generated services.

<https://economictimes.indiatimes.com/news/economy/policy/holding-shares-of-subsidiary-not-liable-to-gst-says-cbic/articleshow/101837087.cms>

India needs insurance pool to cover natural disasters: SBI Research

India should create a disaster pool with public-private partnerships to ensure losses against natural disasters, said a note released by SBI Research on Monday. It said that as the number of natural disasters is increasing, the country needs an insurance model to protect against disasters which could offer benefits over government loans and grants during a crisis. "Apart from the typical issues of planning up of urban infrastructure, the crucial issue of protection gap (uninsured losses) is almost neglected in a country like India," the note said, highlighting that economic losses from the floods in northern India and cyclone in Gujarat would have totalled ₹10,000-15,000 crore.

<https://economictimes.indiatimes.com/news/economy/policy/india-needs-insurance-pool-to-cover-natural-disasters-sbi-research/articleshow/101836119.cms>

ESIC adds 2.02 million new employees for the month of May: Payroll data

At least 2.02 million new employees have been added in the month of May compared to the addition of 1.78 million new employees in April, according to the latest payroll data of Employees' State Insurance Corporation (ESIC) released on Monday. The Ministry of Labor and Employment said in a release that around 24,886 new establishments have been registered under the ESIC for the month of May.

https://www.business-standard.com/economy/news/esic-adds-2-02-million-new-employees-for-the-month-of-may-payroll-data-123071700631_1.html

Industry

DLI scheme 2.0: Centre considers picking up equity in chip design firms

The government has started discussing a proposal to support domestic Indian semiconductor chip design companies by taking equity stake, as a key element of the second phase of the design-linked incentive (DLI) scheme. The first phase of the scheme is currently on. While the modalities and the timing of the second phase of the scheme are yet to be worked out, the broader vision on which there is a consensus is to offer equity support to those domestic semiconductor chip design companies that have reached a certain maturity and have the potential to go to the next level or scale.

https://www.business-standard.com/companies/news/dli-scheme-2-0-centre-considers-buying-equity-in-chip-design-firms-123071600520_1.html

Apparel units suspend production amid decline in orders from global brands

More than 20% of the apparel exporting units in Tiruppur and Noida have suspended manufacturing operations due to a fall in orders from international brands amid a global slowdown. Many units, which are mostly medium and small enterprises, are also in trouble as they are not being able to service the loans that they have taken from banks. The shutdown will help them keep a check on operational costs. "We are now waiting for spring-summer orders for next year which are placed in September. The global brands have a lot of inventory with them, which is why they are not keen to place fresh orders. Also, high energy costs in Europe and rate hikes are also keeping the buyers away," said Raja Shanmugam, owner of knitwear firm Warsaw International and a former president of the Tiruppur Exporters Association.

<https://economictimes.indiatimes.com/industry/cons-products/garments/-/textiles/apparel-units-suspend-production-amid-decline-in-orders-from-global-brands/articleshow/101836411.cms>

Number of profitable unicorns to reach 55 by FY27: Report

The number of profitable unicorns is projected to grow from 30 in FY22 to 55 in FY27 across most sectors, according to an analysis of 100 unicorns by Redseer. Furthermore, profitable unicorns in India could generate 5X the profit in FY27 compared with FY22, according to the study. The top four sectors expected to drive the highest pool of profit in the coming years are fintech and financial services, B2B, SaaS and e-commerce. After experiencing a sharp funding peak during FY22 totalling \$50 billion, the sector witnessed a gradual onset of funding winter over the subsequent quarters, leading to a 70 per cent drop in FY23 to \$15 billion. Moreover, many of these negative-margin companies are expected to see funding changes, a drop in valuation and a move to a much lower growth trajectory.

<https://www.thehindubusinessline.com/companies/number-of-profitable-unicorns-to-reach-55-by-fy27-report/article67090164.ece>

Luxury car market in India poised for record sales in 2023 after stellar H1 numbers

Indian luxury car segment is driving towards an all-time high sales this year with the big three, Mercedes-Benz, BMW and Audi, posting record numbers in the first half of 2023. In the January-June period this year, German luxury carmaker Mercedes-Benz posted its best-ever half-yearly sales in India at 8,528 units, a growth of 13 per cent over 7,573 units in the year-ago period. Similarly, compatriot BMW Group also posted record sales of 5,867 units of luxury cars across its BMW and MINI brands during the period, its best half-yearly sales in India.

<https://economictimes.indiatimes.com/industry/auto/cars-uvs/luxury-car-market-in-india-poised-for-record-sales-in-2023-after-stellar-h1-numbers/articleshow/101825898.cms>

IT firms eye fixed price projects to improve margins

Indian technology companies are pitching for more 'fixed-price contracts' instead of 'time and material' deals premised on variable resource deployment to improve margins in an environment where global clients have turned abstemious with outsourcing budgets. Fixed-price projects allow better cost control and a greater ability to introduce automation in projects and expand margins. By contrast, 'time and material' control are directly linked to the number of people hard-locked to billable projects. Software bellwethers Tata Consultancy Services and Wipro, which announced earnings last week, said that the pricing environment has not significantly improved during the first quarter of the fiscal, and that companies have maintained margin performance on the back of higher utilisation. Deal momentum, even though slow, remained strong.

<https://economictimes.indiatimes.com/tech/information-tech/it-firms-eye-fixed-price-projects-to-improve-margins/articleshow/101835872.cms>

GCCs continue to scale in India

While top IT companies are going slow on hiring, some of the large Global Capability Centres (GCC) in India continue to scale. In the last two weeks, global companies like Natwest, Deutsche India, and Citi Solution have announced major employee addition in India. NatWest Group's captive in India (formerly Royal Bank of Scotland) in the next three years will add at least 3,000 professionals in artificial intelligence (AI), analytics, and cloud to take the total headcount to more than 21,000. Deutsche India will add over 2,500 professionals in the first six months of 2023 across cloud, AI and machine learning (ML) to its India headcount of 16,000.

<https://www.thehindubusinessline.com/economy/gccs-continue-to-scale-in-india/article67092713.ece>

India Inc likely to spend 20-25% more on advertising in the second half of 2023

Advertising and consumer promotion expenditure is expected to surge a record 20-25% year-on-year in the second half of 2023, spurred by factors such as the Cricket World Cup, a rainy summer that has led companies to postpone ad spends, and the festive season, said executives. Spending is expected to be led by sectors such as ecommerce, fast-moving consumer goods (FMCG), travel and hospitality, apparel and fashion, fintech, banking, retail and automobiles, they said. "We see a very big season for advertising starting September, much higher than the previous year," said Sam Balsara, chairman of Madison World. "The World Cup will be played in India, on prime time, and it coincides with the Diwali season."

<https://economictimes.indiatimes.com/industry/services/advertising/india-inc-likely-to-spend-20-25-more-on-advertising-in-the-second-half-of-2023/articleshow/101840079.cms>

Agriculture

Govt to retail subsidised chana dal in Delhi through NAFED

Union Minister of Consumer Affairs, Food & Public Distribution, Textiles, and Commerce and Industry, Piyush Goyal launched the sale of subsidised chana dal under the brand name 'Bharat Dal' at the rate of ₹60 per kg for one-kg pack and ₹55 per kg for 30-kg pack on Monday. The retail outlets of National Agricultural Cooperative Marketing Federation (NAFED) in Delhi-NCR are selling the chana dal. The introduction of 'Bharat Dal' is a major step taken by the Centre towards making pulses available to consumers at affordable prices by converting chana stock of the government into chana dal, an official statement said.

<https://www.thehindubusinessline.com/economy/agri-business/govt-to-retail-subsidised-chana-dal-in-delhi-through-nafed/article67090800.ece>

Infrastructure

Warehousing supply across 8 primary markets likely to grow 13-15% in FY24, says ICRA

The supply of industrial and warehouse logistics parks is expected to grow by 13-15% on-year in the current financial year 2023-24 across the eight primary markets to around 435 million sq ft, said ratings agency ICRA. The incremental absorption is estimated to remain at around 39 million sq ft, the level witnessed in 2022-23. Nearly 52% of the expected supply addition across these primary markets including Mumbai, National Capital Region, Pune, Chennai, Bengaluru, Kolkata, Hyderabad, and Ahmedabad will be in grade A category.

<https://economictimes.indiatimes.com/industry/services/property/-/cstruction/warehousing-supply-across-8-primary-markets-likely-to-grow-13-15-in-fy24-says-icra/articleshow/101828224.cms>

Resale property market booms amid price hikes, scarcity of ready homes

Sales of completed or nearing-completion homes by first owners are booming as demand outpaces market supply, with prospective buyers increasingly viewing the resale market as a viable alternative. Factors contributing to this trend include a scarcity of newly constructed properties ready for immediate occupancy, a dearth of new developments, and escalating price hikes in major markets. "Recently, there has been a notable surge in the demand for resale residential properties across cities. This scarcity is due to delays in construction projects and a lack of new developments. Consequently, prospective buyers in urgent need of housing are increasingly looking towards the resale market as a practical alternative," said Saurabh Garg, co-founder and chief business officer NoBroker, the first brokerage free prop-tech startup that connects homebuyers to owners.

<https://economictimes.indiatimes.com/industry/services/property/-/cstruction/resale-property-market-booms-amid-price-hikes-scarcity-of-ready-homes/articleshow/101836718.cms>

Energy

Power Ministry to specify methodology for enhancing coal supply to certain coastal plants

The Power Ministry will specify the methodology for increasing coal supply to coastal power plants who signed their power purchase agreements (PPAs) under Section 63 of the Electricity Act. The issue relates to increasing the annual contracted quantity (ACQ) of coal supplied to thermal power plants (TPPs) on India's coast who have inked their PPAs under Section 63, which deals with determining the tariffs through a transparent bidding system.

<https://www.thehindubusinessline.com/news/power-ministry-to-specify-methodology-for-enhancing-coal-supply-to-certain-coastal-plants/article67090558.ece>

India may prefer Middle East crude as Russian oil becomes costly: Report

India is in talks with traditional Middle East crude exporters for boosting purchases as Russian imports lose their pricing edge, according to a government official. The discount on Russian crude has drastically reduced, making Urals, the country's main export grade, less attractive, and that makes it prudent to buy from trusted suppliers, said the official, who didn't wish to be identified citing rules.

https://www.business-standard.com/industry/news/india-may-prefer-middle-east-crude-as-russian-oil-becomes-costly-report-123071701032_1.html

India's gasoline demand likely to recover from late August: HPCL official

India's gasoline demand will likely recover from late August, while diesel consumption is expected to stay weak, an official at refiner Hindustan Petroleum Corp Ltd (HPCL) said on Monday. The local sale of diesel by private refiners is also denting sales by state-run companies, the official said.

https://www.business-standard.com/india-news/india-s-gasoline-demand-likely-to-recover-from-late-august-hpcl-official-123071700772_1.html

Telecom

Trai gives more time for comments on discussion paper on boosting tech innovation via regulatory sandboxes

The Telecom Regulatory Authority of India (Trai) has extended the deadline for stakeholder comments and counter-comments on its recent discussion paper on creating a holistic framework to drive cutting-edge tech innovation in digital communications via transparent and safe live testing environments, popularly known as regulatory sandboxes. Trai has now sought comments and counter-comments on the consultation paper by July 31 and August 16 respectively after stakeholders sought more time. It had earlier sought the submissions by July 17 and August 1 respectively.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/trai-gives-more-time-for-comments-on-discussion-paper-on-boosting-tech-innovation-via-regulatory-sandboxes/articleshow/101833407.cms>

Satcom spectrum: DoT backs telcos, says it prefers auction for allotment

Amid the escalating fight over the mode of spectrum allocation for satellite communication services, the Department of Telecommunications (DoT) has backed auction as the preferred way, aligning with the stance of telcos Reliance Jio and Vodafone Idea that are resisting satellite service providers' demand that airwaves be allotted without bidding. The DoT officials ET spoke with said satcom airwaves should be given to the highest bidder as there are many companies vying to enter the market, and that the bandwidth would be utilised for commercial purposes.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/satcom-spectrum-dot-backs-telcos-says-it-prefers-auction-for-allotment/articleshow/101836390.cms>

States

Andhra Pradesh records Rs 7,653 crore GST revenue in Q1 of 2023-24: Officials

Andhra Pradesh recorded GST revenue of Rs 7,653 crore in the first quarter of financial year 2023-24, an increase of 24 per cent over the corresponding quarter in 2022-23, officials said. They apprised Chief Minister Y S Jagan Mohan Reddy regarding this income during a review meeting on revenue generating departments, noting that this GST revenue is excluding compensation. Similarly, income from the registration department rose to Rs 2,794 crore until July 15 compared to Rs 2,292 crore generated in the previous fiscal, according to a press release issued by the state government on Monday.

<https://economictimes.indiatimes.com/news/economy/finance/andhra-pradesh-records-rs-7653-crore-gst-revenue-in-q1-of-2023-24-officials/articleshow/101835169.cms>

Tamil Nadu spinning mills body seeks financial support from banks

With the textile industry going through a tough time in view of the prolonged Ukraine war and its resultant economic crisis, the Tamil Nadu Spinning Mills Association (TASMA) has urged the Indian Bank Association (IBA) to extend financial support to the financially-stressed spinning sector. In a letter to IBA Member-Secretary, TASMA president AP Appukutti sought the extension of an one-year moratorium for repayment of the principal amount availed by spinning mills during the Covid period and conversion of three-year loans under ECLGS into six-year term loans. He also pleaded for the extension of necessary financial assistance to mitigate the stress on working capital, on a case-to-case basis.

<https://www.thehindubusinessline.com/economy/agri-business/tamil-nadu-spinning-mills-body-seeks-financial-support-from-banks/article67089953.ece>

External

Govt eases norms for exporters to avail benefits under advance

The government on Monday simplified norms for exporters to avail benefits of an advance authorisation scheme under which free imports of input materials are allowed. The Directorate General of Foreign Trade (DGFT) implements this scheme under the Foreign Trade Policy. The eligibility of inputs is determined by sector-specific norms committees based on input-output norms. To make the norms fixation process more efficient, the DGFT said that it has created a user-friendly and searchable database of ad-hoc norms fixed in the previous years. These norms can be used by any exporter without approaching the norms committee, it added.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/govt-eases-norms-for-exporters-to-avail-benefits-under-advance/articleshow/101826151.cms>

India, US notify WTO of mutual resolution of tariff dispute

India and the US have informed the World Trade Organization (WTO) that they have reached a mutually agreed solution to the dispute on retaliatory duties on certain products imported from Washington. The two sides, had last month, agreed to end six disputes at the WTO after a meeting between Prime Minister Narendra Modi and US President Joe Biden. Last week, India and the US notified the Dispute Settlement Body of the decision. As part of the mutual settlement, the US has given India an assurance that at least 70% of all such requests of steel, and 80% of all such requests for aluminium applications for products originating in India will be excluded from the additional process of Section 232 of the US law that allows it to restrict imports.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-us-notify-wto-of-mutual-resolution-of-tariff-dispute/articleshow/101836128.cms>

G20: US talks higher private investment to spur India's energy shift

The US will work closely with India on an investment platform to lower the cost of capital and increase private investment to speed up India's energy transition, Janet Yellen, US secretary of treasury, said on Monday. India and the US held bilateral discussions on the sidelines of the third meeting of the G20 Finance Ministers and Central Bank Governors (FMCBG).

https://www.business-standard.com/economy/news/sitharaman-yellen-talks-blend-bilateral-issues-with-g20-priorities-123071700940_1.html

German law on forced labour to have little impact on India's trade: GTRI

The German law to prohibit forced labour and protect human rights in global business supply chains will have little impact on India's trade with the European country as India already has comprehensive rules to deal with these issues, according to a report by think-tank GTRI. Germany has banned forced labour and other labour law violations in its supply chains extending within and outside Germany.

https://www.business-standard.com/economy/news/german-law-on-forced-labour-to-have-little-impact-on-india-s-trade-gtri-123071700297_1.html

Two more rounds of talks likely for IPEF to conclude: Sources

India expects two more rounds of negotiations for the conclusion of the Indo-Pacific Economic Framework (IPEF) by the end of the year. While the legal scrubbing of the Supply Chain Agreement - which was finalised in May - is on, discussions are moving fast on the clean economy and fair economy pillars, said people aware of the matter. The fourth round of IPEF negotiations took place from July 9-15 in South Korea. India is yet to take a call on joining the trade pillar of the IPEF. "There are two more rounds to go before it gets concluded. Discussions are on for pillars 3 and 4," said one of the persons, who did not wish to be identified.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/two-more-rounds-of-talks-likely-for-ipef-to-conclude-sources/articleshow/101837060.cms>