



July 28, 2023 – Friday

Key Developments

Lok Sabha passes Jan Vishwas Bill to promote ease of doing business

The Lok Sabha on Thursday approved the Jan Vishwas (Amendment of Provisions) Bill, 2023, to enhance ease of doing business, decrease compliance burden for individuals and industry, and alleviate judicial load by decriminalising minor economic offences. Spearheaded by the Department for Promotion of Industry and Internal Trade (DPIIT), the Bill proposes to revise 183 provisions across 42 laws under 19 government ministries. Commerce and Industry Minister Piyush Goyal introduced the Bill in the Lok Sabha. It will now be tabled in the Rajya Sabha for approval, after which it will require the President's assent to become law. At present, existing laws contain clauses for imprisonment for minor and procedural defaults, as well as lesser fines and penalties. This resulted in fear and mistrust towards the government. The intended changes of this proposed law aim to avoid unnecessary imprisonments and impose higher penalties and fines where necessary.

https://www.business-standard.com/economy/news/lok-sabha-passes-bill-that-aims-to-decriminalise-minor-offences-in-42-laws-123072700878_1.html

Economy

Yet to get majority states' nod on 7th Eco Census results: Report

The government is yet to receive approval from a majority of states for the provisional result of the seventh Economic Census, which creates a database of all formal and informal non-farm establishments in the country, according to a report released by the standing committee on finance on Thursday. In its submission to the committee, the ministry of statistics and programme implementation stated that it had received approval for provisional results from 13 state-level coordination committees. Approval of all states is needed to release the results. The creation of a Business Register is contingent on the results of the seventh Economic Census, which the government had claimed "will be useful for measuring the performance of the sectors and its sub-sectors for compilation of quarterly/annual national/subnational accounts."

<https://economictimes.indiatimes.com/news/economy/policy/yet-to-get-majority-states-nod-on-7th-eco-census-results-report/articleshow/102181602.cms>

Closely monitor capex to boost growth, employment: Parliamentary panel

A parliamentary panel on Finance has recommended the government to diligently monitor the progress of capital expenditure. This is to ensure that the actual capex aligns with the amount allocated, aiming for a multiplier effect on growth and employment. As on February 2, 2023, the actual expenditure stands at Rs 5,93,099 crore against the total budget estimate (2022-23) for capital expenditure of Rs 7,50,246 crore. This indicates a shortfall of Rs 1,35,175 crore compared to the revised estimate of Rs 7,28,274 crores. The Standing Committee, headed by Jayant Sinha, highlighted the need for forward-looking surveys by industry and region to anticipate future trends. Such insights would help suppliers better prepare for real estate, equipment, and workforce requirements associated with private sector capex. Noticing the uneven credit distribution by scheduled commercial banks in the country, the committee asserted that banking strategies and policies should aim to bridge this gap.

https://www.business-standard.com/economy/news/closely-monitor-capex-to-achieve-growth-employment-parliamentary-panel-123072700855_1.html

India set to be third-largest economy by FY28: SBI Research

India will become the third largest economy by FY28, two years earlier than projected, said SBI Research economists in a note on Thursday. "The Indian economy continues to enjoy a period of sustained goldilocks," SBI Research economists said, pointing out that India will surpass Japan and Germany at the current growth rate and account for a 4% share of global GDP. SBI economists said India will likely grow 8.1% in the first quarter of FY24, pushing the overall growth rate to 6.5%. India recorded a 13.5% growth in the first quarter of FY23. The forecast aligns with RBI projections of 6.5% growth in FY24 but is more optimistic than the International Monetary Fund's revised forecast of 6.1%. Earlier this week, the IMF revised its growth forecast upwards by 0.2 percentage points on the back of strong domestic investment.

<https://economictimes.indiatimes.com/news/economy/indicators/india-set-to-be-third-largest-economy-by-fy28-sbi-research/articleshow/102181464.cms>

India GDP to grow 6-6.3% in FY24, economic prospects brighten: Deloitte India

India is likely to grow 6-6.3 per cent in the current fiscal year ending March 31, 2024, Deloitte India said in its economic outlook, forecasting growth surpassing 7 per cent over the next two years if global uncertainties recede. With the probability associated with a recession in major industrial countries this year trimming, several economic indicators such as the tight labour markets and reduced risk spreads post the US banking crisis suggest that downside risks to global growth are subsiding. Yet, there remain significant uncertainties around the actions of the central banks of major economies and the oil price movements, the economic outlook said.

<https://economictimes.indiatimes.com/news/economy/indicators/india-gdp-to-grow-6-6-3-in-fy24-economic-prospects-brighten-deloitte-india/articleshow/102170813.cms>

Banking and Finance

FM Nirmala Sitharaman to launch backstop fund, AMC Repo Clearing on Friday

Finance Minister Nirmala Sitharaman will launch the Rs. 33,000-crore backstop fund for mutual funds (MFs) on Friday. The backstop facility, termed the Corporate Debt Market Development Fund (CDMDF), was cleared by the capital markets regulator, the Securities and Exchange Board of India (Sebi), in March. The fund corpus will be created by pooling money from debt schemes. The initiative aims to provide liquidity to debt schemes during periods of market stress. According to a Sebi circular issued on Thursday, debt schemes — excluding passive, overnight, and gilt funds — will contribute 25 basis points (bps) of their assets under management towards the creation of the CDMDF. Conservative hybrid funds will also contribute to the fund. In addition, asset management companies (AMCs) will make a one-time contribution of 2 bps. The total collection will be around Rs. 3,300 crore. The fund can avail itself of credit for up to 10 times the initial corpus whenever needed. The circular also details the investment framework of the CDMDF and the pricing models.

https://www.business-standard.com/economy/news/fm-sitharaman-to-launch-backstop-fund-amc-repo-clearing-on-friday-123072700983_1.html

Reserve Bank of India's digital payment index rises to 359.57 in March

The Reserve Bank of India's (RBI) digital payments index (DPI) rose to 395.57 in March 2023 as against 377.46 for September 2022, the central bank said on Thursday. The index was at 349.30 in March 2022. "The RBI-DPI index has increased across all parameters driven by significant growth in payment infrastructure and payment performance across the country over the period," RBI said. The RBI-DPI has been constructed with March 2018 as the base period, i.e. DPI score for March 2018 is set at 100. In March 2019 the index stood at 153.47 which rose to 207.94 in March 2020, and to 270.59 in March 2021.

https://www.business-standard.com/economy/news/reserve-bank-of-india-s-digital-payment-index-rises-to-359-57-in-march-123072700977_1.html

Parliamentary Panel recommends DGCA-like authority for cybersecurity

The Standing Committee on Finance has proposed the establishment of a centralised and empowered 'cyber protection authority', particularly for the financial services ecosystem, similar to the Directorate General of Civil Aviation (DGCA), to tackle the rising instances of white-collar crimes in cyberspace. The committee, chaired by Jayant Sinha, has based its recommendations on extensive discussions with industry bodies, corporations, and banking authorities. Contributions were sourced from the Reserve Bank of India (RBI), National Payments Corporation of India (NPCI), CERT-In, and private companies like RazorPay and Flipkart.

https://www.business-standard.com/economy/news/government-panel-recommends-a-centralised-authority-for-cyber-security-123072701065_1.html

Market regulator Sebi now mandates legal entity identifier for FPIs

The Securities and Exchange Board of India (Sebi) has mandated the submission of legal entity identifier (LEI) details for all non-individual foreign portfolio investors (FPIs). LEI is a unique 20-character code used globally to identify distinct financial entities. In an email communication sent earlier in May, the capital markets regulator had asked DDPs to identify the parent institution as the legal entity, rather than the sub-funds. During that time, DDPs were required to complete KYC at the legal entity level and update beneficial owner data by September 30. Sebi has recently tightened the disclosure requirements for FPIs with over 50 per cent exposure to a single corporate group and those with aggregate equity holdings of more than Rs. 25,000 crore in domestic equities.

https://www.business-standard.com/economy/news/market-regulator-sebi-mandates-legal-entity-identifier-for-all-fpis-123072700980_1.html

Additional Tier-1 bond issuances by banks likely to decline in FY24

Additional Tier-1 (AT1) bond issuances by banks may see a substantial decline in the current financial year (FY24) as well as in the next financial year as not many such papers previously issued are maturing, coupled with banks' dependence on such instruments have come down following improving profitability.

https://www.business-standard.com/economy/news/additional-tier-1-bond-issuances-likely-to-a-substantial-decline-in-fy24-123072700877_1.html

Industry

Consumer companies gear up to weather climate risk

Consumer companies are adopting all-weather or climate-smart strategies to risk-proof business, recognising that erratic and unpredictable weather conditions have become a permanent feature. They are hiring weather forecasting agencies, in-house experts and data crunchers to prepare for logistics and demand disruptions due to weather events such as unseasonal rains, extreme heatwaves and milder summers or winters. Food delivery platform Swiggy has tied up with an external weather forecasting agency to predict climatic conditions even on a hyperlocal basis to ensure deliveries are not disrupted. The food aggregator also has a dedicated team that works to keep its riders informed on a real-time basis.

<https://economictimes.indiatimes.com/news/india/consumer-companies-gear-up-to-weather-climate-risk/articleshow/102185313.cms>

Growing nuclear families powering premium FMCG purchases, says Kantar

With nuclear family structures in India on the rise, consumption habits, too, are changing, observes a report by Kantar. The report notes that large families don't necessarily buy larger packs. Additionally, home and hygiene items like floor and utensil cleaners, snacking, and beverages are more commonly opted for by nuclear households. The report also highlights that the penetration of the premium segment is relatively higher in nuclear families. For instance, in washing powders, the penetration stands at 68 per cent for nuclear families, compared to 50 per cent in joint families.

https://www.business-standard.com/companies/news/rising-nuclear-families-drive-consumption-of-premium-fmcg-products-123072701013_1.html

Traders' body CAIT urges Piyush Goyal for early roll-out of e-commerce policy and rules

Confederation of All India Traders (CAIT), the representative body for traders in India, on Thursday, appealed to Commerce Minister Piyush Goyal for an early rollout of the E-commerce policy and E-commerce Rules under the Consumer Protection Act and a new Press Note replacing the Press Note 2 of FDI in the Retail Policy. In a letter to Goyal on Thursday, CAIT called for an even playing field for traders competing with the “foreign e-commerce companies” against alleged challenges such as uneven competition created by predatory pricing, exclusivity and inventory management. CAIT called the present scenario “Highway or My Way,” owing to the problems faced by traders. According to the letter by CAIT, “Through e-commerce, no substantial FDI is entering into India rather which comes under the guise of FDI, is used for cash-burning or to support huge losses incurred by global e-tailers.”
<https://www.financialexpress.com/industry/sme/traders-body-cait-urges-piyush-goyal-for-early-roll-out-of-e-commerce-policy-and-rules-heres-why/3189895/>

Agriculture

PM Modi transfers Rs 17,000 crore to 85 mn farmers under PM Kisan

Prime Minister Narendra Modi on Thursday transferred the 14th instalments under the Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) scheme worth Rs 17,000 crore to 85 million farmers at an event in Sikar, Rajasthan. Since the launch of direct cash transfer scheme in February 2019, more than Rs 2.59 trillion have been transferred to farmers bank accounts so far. Farmers are provided financial assistance of Rs 6,000 annually through three equal installments under the scheme.

<https://www.financialexpress.com/economy/pm-modi-transfers-rs-17000-crore-to-85-mn-farmers-under-pm-kisan/3190141/>

Telecom

Trai repeals the 2001 regulation on internet access service quality

In a move aimed at modernise its regulatory framework, the Telecom Regulatory Authority of India (Trai) has abolished the 2001 regulation designed to uphold quality of service (QoS) standards for dial-up and leased-line internet access services. Trai issued the ‘Trai Repealing Regulations, 2023’ on Thursday, withdrawing the previous regulation which it considers to be no longer relevant. It reasoned that current regulations contain sufficient provisions to ensure the seamless operation of fixed-line internet services.

https://www.business-standard.com/industry/news/trai-repeals-2001-rules-on-service-quality-for-dial-up-fixed-line-internet-123072700758_1.html

Energy

Govt considering PLI for chemical, petrochemicals sector: FM Sitharaman

The government is considering a separate production linked incentive (PLI) scheme for chemicals and petrochemicals, said Finance Minister Nirmala Sitharaman on Thursday. Global manufacturers are interested in India where the sector is linked to 80,000 products, she said at the third Global Chemicals & Petrochemicals Manufacturing Hub summit organised by industry association FICCI. “We are in favour of India becoming a manufacturing hub, and therefore of course we will consider a PLI scheme also for chemicals and petrochemicals,” said Sitharaman. The government has allowed 100 per cent foreign direct investment (FDI) in the sector and unregulated it except for hazardous materials.

https://www.business-standard.com/economy/news/govt-considering-pli-for-chemicals-petrochem-fm-nirmala-sitharaman-123072700651_1.html

States' dues to power generating companies halved to Rs 61,025 crore: Power minister RK Singh

The total outstanding dues of states to power generating companies (gencos) have reduced by almost 50 per cent to Rs 61,025 crore, Parliament was informed on Thursday. There has been significant improvement in the realisation of dues of power generating companies post implementation of Electricity (Late Payment Surcharge and Related Matters) Rules, 2022, promulgated on June 3, 2022, Union Minister for Power, New and Renewable Energy RK Singh informed the Lok Sabha.

<https://economictimes.indiatimes.com/industry/energy/power/states-dues-to-power-generating-companies-halved-to-rs-61025-crore-power-minister-rk-singh/articleshow/102179745.cms>

External

India has asked Japan, South Korea to renegotiate FTAs: Piyush Goyal

Commerce and industry minister Piyush Goyal on Thursday said that India has asked Japan and South Korea to renegotiate the comprehensive economic partnership agreement (CEPA) to make the trade more balanced and equitable. While both the trade agreements were signed more than a decade ago, the pacts have been often discussed in the context that the Indian industry has failed to benefit from the agreements and the gains mostly have been one-sided. During FY23, India's trade deficit with Japan rose to \$11.03 billion from \$8.22 billion a year ago as exports grew at a slower pace as compared to imports. In the case of South Korea, the deficit widened to \$14.57 billion in FY23 from \$9.39 billion a year ago. This is because exports contracted nearly 18 per cent, while imports grew over 21 per cent.

https://www.business-standard.com/economy/news/india-has-asked-japan-south-korea-to-renegotiate-ftas-piyush-goyal-123072701237_1.html

IMF raises red flag on India's ban on export of non-basmati rice, experts say country's food security concerns primary

India's recent ban on export of non-basmati white rice has created quite a furore internationally. While on the one hand there are worries about the move likely to trigger a rise in global rice prices adversely impacting poor countries, there is also the need to ensure adequate supplies in the domestic market and keep prices in check. While the IMF has raised concerns about the move exacerbating volatility in food prices, experts say the picture on food inflation will be clear only after the monsoon plays out completely. According to the International Monetary Fund's chief economist Pierre-Olivier Gourinchas said, "In the current environment, these types of restrictions are likely to exacerbate volatility on food prices in the rest of the world. And they can also lead to retaliatory measures. So, they are certainly something that we would encourage the removal of these type of export restrictions, because they can be harmful globally."

<https://www.financialexpress.com/economy/imf-raises-red-flag-on-indias-ban-on-export-of-non-basmati-rice-experts-say-countrys-food-security-concerns-primary/3189744/>