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Economy

Big changes unlikely in Budget math: Receipts may offset extra subsidy outgo, says finance secretary Somanathan

The Centre may require to spend an extra Rs 1.8 trillion in aggregate over the Budget Estimate on fertiliser and food subsidies in FY23, finance secretary T V Somanathan said, but added that the additional outgo could be offset by a steep jump in net tax receipts and higher disinvestment revenues. In the end, the Budget balance sheet won't be much different from what is projected, the official said. Somanathan noted that extra outgo on fertiliser subsidy could be around Rs 1 trillion and that on food subsidy, about Rs 80,000 crore. Another official said that the government has no plans at the moment to cut expenditures on other items from the respective BE levels, adding that a review of spending would be undertaken only at the time when the Revised Estimates (REs) are made. The review of BEs usually occurs after November-December in any financial year.

<https://www.financialexpress.com/economy/big-changes-unlikely-in-budget-math-receipts-may-offset-extra-subsidy-outgo-says-finance-secretary-somanathan/2516854/>

Centre ups scrutiny of borrowings by states

The Centre will scrutinise each state's off-budget liabilities before approving its borrowing limit for FY23. The regulation is in view of the rising yields on the state development loans (SDLs) and the rate hike cycle started by the Reserve Bank of India, which could raise the cost of general government borrowings. As Covid pandemic hit states' tax revenues, the Centre not only raised their borrowing limit by 2 percentage points to 5% of GDP in FY21 but also allowed them to borrow up to 75% of the annual threshold in April-December of the year. A similar relaxation was available in FY22 as well, while the limit was reduced to 4.5%. This time around, however, such front-loading of borrowings by the states will be allowed only under tighter scrutiny by the Centre, according to official sources. The states' borrowing limit for the current fiscal year is 4%.

<https://www.financialexpress.com/economy/centre-ups-scrutiny-of-borrowings-by-states/2516860/>

Banking and Finance

Gold scheme being sweetened for wider reach

The government is weighing a proposal to slash the minimum deposit requirement under its gold monetisation scheme (GMS) in phases to induce a large number of people to park their idle holdings with banks. The scheme's performance has seen some improvement in recent years, but is still a far cry from the lofty goals set by the government. The minimum threshold could be reduced to 5 grams (worth Rs 25,690 at current prices in Delhi) from ten grams now and, in the longer run, to just one gram or less in phases, sources told FE. Last year, the government trimmed the minimum deposit to 10 grams from 30 grams, as the earlier threshold was considered too high to draw common households. But even the current limit, analysts say, is proving to be restrictive for many in rural India, which accounts for a bulk of the country's total gold holdings, estimated to be at least 25,000 tonne, worth over \$1.6 trillion.

<https://www.financialexpress.com/economy/gms-gold-scheme-being-sweetened-for-wider-reach/2516884/>

Banks feel the heat of slower recovery under IBC process

Financial creditors are clearly feeling the heat of pandemic-induced slowdown in insolvency and bankruptcy proceedings, inordinate delays in resolution process and the waning appetite of potential investors to acquire stressed assets in India. This was revealed by the latest IBBI data which showed that financial creditors' realisation as a percentage of their admitted claims in January-March 2022 quarter hit a record low of 10.21 per cent, much lower than the 13.4 per cent in previous December quarter. In January-March 2022, as many as 29 Corporate Insolvency Resolution Process (CIRP) yielded resolution plans with different degree of realisation compared to the liquidation value. Financial creditors are clearly feeling the heat of pandemic-induced slowdown in insolvency and bankruptcy proceedings, inordinate delays in resolution process and the waning appetite of potential investors to acquire stressed assets in India.

<https://www.thehindubusinessline.com/money-and-banking/slowdown-in-insolvency-proceedings-reduced-corporate-appetite-for-distressed-assets-hurt-banks-recoveries-in-ibc/article65394082.ece>

State-run general insurers may get capital infusion of Rs 3,000-5,000 cr

The government may infuse Rs 3,000-5,000 crore additional capital in the three public sector general insurance companies based on their performance and requirement during the year, sources said. The capital infusion would help improve the financial health of the general insurance firms - National Insurance Company Limited, Oriental Insurance Company Limited and United India Insurance Company. In the last financial year, the government made capital infusion of Rs 5,000 crore in these three insurance companies.

During 2020-21, Rs 9,950 crore was infused in three PSU general insurers by the government out of which Rs 3,605 crore was infused in United India Insurance, Rs 3,175 crore in National Insurance and Rs 3,170 crore in Oriental Insurance.

https://www.business-standard.com/article/finance/state-run-general-insurers-may-get-capital-infusion-of-rs-3-000-5-000-cr-122050800294_1.html

Foreign funds' share in India equities at 19.5%, lowest since March '19

Foreign funds' ownership in domestic equities fell to pre-COVID lows and hit a multi-year low of 19.5 per cent in March this year in NSE500 companies valued at USD 619 billion, shows an analysis. At 19.5 per cent the FPI ownership in March 2022, is the lowest in the past three years, when it was 19.3 per cent in March in 2019, which was a pre-COVID period. On a year-on-year basis their ownership stood at 21.2 per cent, second highest on record in March 2021, according to a report by the Wall Street brokerage Bank of America Securities India. Foreign funds' ownership in the domestic equities was at 18.6 per cent in December 2017, the lowest in five years, and the peak was in December 2021, when they owned 21.4 per cent of domestic equities.

https://www.business-standard.com/article/markets/foreign-funds-share-in-india-equities-at-19-5-lowest-since-march-19-122050800505_1.html

Industry

GeM: Order volume crosses 1-crore mark; around 50% processed last year

Public procurement portal Government eMarketplace (GeM) has hit another milestone of 1 crore total orders processed so far, around a month after its seller base crossed the 40-lakh count. The number of orders almost doubled from 55.74 lakh orders processed as of January 2021, indicating four-and-a-half years the portal took to achieve that mark while the remaining orders came in following around 16 months only. GeM had also achieved Rs 1 lakh crore in order value in the financial year 2021-22. Launched in August 2016, the portal had processed 1,00,54,211 orders worth Rs 2.44 lakh crore from 60,074 government buyers including public sector units and government departments, data from the portal showed. Currently, there are nearly 43 lakh sellers. The growth was largely witnessed post Covid as the government urged central and state buyers for digital procurement of goods including Covid essentials such as PPE kits and masks from MSME sellers.

<https://www.financialexpress.com/industry/sme/msme-eodb-gem-order-volume-crosses-1-crore-mark-around-50-processed-last-year/2516813/>

Stand Up India: Over 23,000 loans sanctioned under govt's pet scheme for women, SC/ST entrepreneurs in FY22

Over 23,000 crore loan applications involving around Rs 5,000 crore were sanctioned during the financial year 2021-22 to women and SC/ST entrepreneurs under the government's Stand Up India scheme. According to the data from the Standup Mitra portal and the Department of Financial Services (Finance Ministry), close to 1.35 lakh applications amounting to around Rs 30,200 crore were sanctioned as of March 31, 2022, in comparison to over 1.11 lakh applications involving Rs 25,000 crore sanctioned as of March last year. Launched by Prime Minister Narendra Modi on April 5, 2016, Stand Up India offers credit support to women and SC/ST entrepreneurs in setting up greenfield enterprises. The credit ranges from Rs 10 lakh to Rs 1 crore to at least one SC/ST borrower and at least one woman borrower per bank branch of scheduled commercial banks.

<https://www.financialexpress.com/industry/sme/msme-fin-stand-up-india-over-23000-loans-sanctioned-under-govts-pet-scheme-for-women-scst-entrepreneurs-in-fy22/2516578/>

Small businesses keen to sell on e-commerce but mandatory GST registration major deterrent: CAIT survey

A survey released by traders' body Confederation of All India Traders (CAIT) on Sunday said while e-commerce is a potential mode of business activity, mandatory GST registration for selling goods online is a major deterrent for small businesses. According to CAIT, which represents around 8 crore traders across about 40,000 trade associations, the online survey was conducted by its research arm CAIT Research Trade Development Society (CRTDS) and received 630 responses from 21 cities in 24 states. 72 per cent respondents believed e-commerce is a significant channel for business but 66 per cent said GST registration is a big hurdle. GST registration has been mandatory for businesses looking to sell goods via e-commerce even as offline businesses with up to Rs 40 lakh annual turnover are exempted from GST.

<https://www.financialexpress.com/industry/sme/msme-eodb-small-businesses-keen-to-sell-on-e-commerce-but-mandatory-gst-registration-major-deterrent-cait-survey/2516695/>

Russian war dries up chip supplies for auto firms

The prolonging Russia-Ukraine war has taken its toll on availability of semiconductor raw material with the West ramping up production of missile systems that rely heavily on these chips. Therefore, the global supply of semiconductors has worsened in the last quarter leading to a loss of production for automobile companies, followed by minimal supply visibility in coming months. As per April production numbers, Maruti Suzuki and Suzuki Motor Gujarat operated at 84 per cent of their installed production capacity. Last year Maruti Suzuki lost 270,000 units due to production-related shortages. At around 43,000 units, Tata Motors is operating beyond 100 per cent plant utilisation as per its installed capacity of 480,000 units per annum. The company adds that it can increase production by another 20-25 per cent through debottlenecking and easing the supply chains.

<https://www.thehindubusinessline.com/economy/russia-ukraine-war-dry-up-semiconductor-supplies-for-automobile-companies/article65394067.ece>

Bread, biscuit prices to rise as companies wait for FCI wheat

Consumers are likely to feel the pinch in prices of breads, biscuits and rotis from next month as the Centre is yet to announce the Open Market Sale Scheme (OMSS) for wheat in the current year. Aata, bread and biscuit makers fear runaway inflation and lean season shortages in the absence of the OMSS scheme, which regulates open market supply and prices. The impact can be felt June onwards, when traditionally demand goes up due to re-opening of educational institutes and increase in snacking due to onset of monsoon season.

<https://economictimes.indiatimes.com/news/india/bread-biscuit-prices-to-rise-as-companies-wait-for-fci-wheat/articleshow/91423584.cms>

As war continues, IT firms in Ukraine turn to India for setting up offshore development centres

As Russian aggression shows no signs of abating, IT companies in Ukraine are looking at India to set up Offshore Development Centres (ODCs). "In the last one month, we got nearly 70 enquiries from IT companies based in Ukraine to look at the possibility of setting up ODCs in India," said PS Viswanath, MD & CEO, Randstad India, a recruitment firm. Viswanathan said that Ukraine IT companies are badly affected and staring at huge penalties from their clients if they don't deliver. All their employees have vanished to Poland and Belarus. They are in a helpless situation, and looking at India. As Russian aggression shows no signs of abating, IT companies in Ukraine are looking at India to set up Offshore Development Centres (ODCs). "In the last one month, we got nearly 70 enquiries from IT companies

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<https://www.thehindubusinessline.com/info-tech/ukraine-it-companies-looking-at-india-to-set-up-offshore-development-centres-as-war-continues/article65394267.ece>

Agriculture

Panels suggest steps to reverse falling Fasal Bima cover

Two working groups, set up by the ministry of agriculture and farmers’ welfare to review the Pradhan Mantri Fasal Bima Yojana (PMFBY), has recommended targeted premium subsidy for small farmers, empowering the Centre to levy penalty on states for any delay in subsidy settlements and extensive use of remote sensing data for crop yield assessment. The last two years saw a steep fall in the number of farmers and crop area covered under the government’s flagship crop insurance scheme (see chart). While the claims to premium ratio has come down in recent years, improving the viability of the scheme from the insurers’ point of view, many states have of late developed cold feet on it.

<https://www.financialexpress.com/economy/panels-suggest-steps-to-reverse-falling-fasal-bima-cover/2516835/>

Infrastructure

MoHUA to seek Cabinet nod for Delhi-SNB-Alwar RRTS in month's time

The Ministry of Housing and Urban Affairs will seek the Union Cabinet's approval for its Delhi-SNB-Alwar Regional Rapid Transit System (RRTS) corridor on priority in a month's time, a top official has said. Officials aware of the developments said that the second RRTS corridor will also be executed by the National Capital Region Transport Corporation (NCRTC) and preparations including the detailed project report and the pre-construction activities in this regards have also been completed. Officials aware of the developments said that the second RRTS corridor will also be executed by the National Capital Region Transport Corporation (NCRTC) and preparations including the detailed project report and the pre-construction activities in this regards have also been completed.

<https://economictimes.indiatimes.com/news/economy/infrastructure/mohua-to-seek-cabinet-for-delhi-snb-alwar-rrts-in-months-time/articleshow/91417309.cms>

Govt to invite bids for SCI sale by Sept; hive off Shipping House: Report

The government is likely to invite financial bids for Shipping Corporation of India by September, after the process of demerger of non-core assets is completed, an official said. As part of the strategic-sale process, the government is hiving off Shipping House and the training institute and some other non-core assets of Shipping Corporation of India (SCI). "The process of demerger is time consuming. We would be ready to invite financial bids in 3-4 months," the official said. The board of Shipping Corp met last week and approved an updated demerger scheme for hiving off the non-core assets of SCI to Shipping Corporation of India Land and Assets Ltd (SCILAL) including Shipping House, Mumbai and MTI (Maritime Training Institute), Powai to complete the process of de-merging all the non-core assets to the new company SCILAL.

https://www.business-standard.com/article/economy-policy/govt-to-invite-bids-for-sci-sale-by-sept-hive-off-shipping-house-report-122050800433_1.html

Energy

Policy tweak in the works: Green energy purchases likely to be mandatory

The Union government is planning to amend the Electricity Act and the National Tariff Policy to make it mandatory for electricity distribution companies (discoms) and other bulk buyers to meet their renewable purchase obligations (RPOs), a move that will give a fillip to investments in solar, wind and hydro energy sectors. The move comes at a time when companies engaged in the renewable power segment have lined massive expansion plans and are looking to raise funds from different sources including domestic banks and financial institutions, overseas banks, capital markets and multilateral institutions.

<https://www.financialexpress.com/industry/policy-tweak-in-the-works-green-energy-purchases-likely-to-be-mandatory/2516848/>

Power crisis: Gencos may not switch on idle units soon over fuel cost surge

Power generating companies (gencos) that use imported coal to produce electricity, may find it difficult to switch on their idle units immediately in the wake of high fuel costs, several players have told Business Standard. Last week, the Union power ministry had invoked Section 11 of the Electricity Act mandating all imported coal-based plants to generate power at full capacity. However, some generating companies that use imported coal, argue that it is simply unviable for them to produce power when the price of coal in the international market is high, while the per-unit price of power has been capped at Rs 12 per unit on the domestic power exchange. "Fuel costs have been surging, with imported coal price at nearly \$380 per tonne currently. It is slowly inching towards the \$400-per-tonne-mark, which means there is no respite from high fuel prices any time soon. At the same time, the price of power on the exchange has been capped at Rs 12 per unit. How fair is this," asked the chief executive officer (CEO) of a power company that has two plants running on imported coal. The executive requested anonymity in view of the sensitivity of the matter.

https://www.business-standard.com/article/economy-policy/power-crisis-gencos-may-not-switch-on-idle-units-soon-over-fuel-cost-surge-122050800547_1.html

Discoms' outstanding dues to gencos rise 4% to Rs 1.21 trn in May

Total outstanding dues of electricity distribution companies to power producers rose by 4.04 per cent year-on-year to Rs 1,21,765 crore (Rs 1.21 trillion) in May 2022, according to the official data. Discoms owed a total of Rs 1,17,026 crore to power generation firms in May 2021, according to portal PRAAPTI (Payment Ratification And Analysis in Power procurement for bringing Transparency in Invoicing of generators). On a sequential basis too, total dues in May 2022 increased from Rs 1,20,954 crore in April 2022. The PRAAPTI portal was launched in May 2018 to bring transparency in power purchase transactions between generators and discoms. In May 2022, the total overdue amount, which was not cleared even after 45 days of a grace period offered by generators, stood at Rs 1,06,902 crore as against Rs 94,354 crore in the same month a year ago. The overdue amount stood at Rs 1,06,071 crore in April 2022.

https://www.business-standard.com/article/economy-policy/discoms-outstanding-dues-to-gencos-rise-4-to-rs-1-21-trn-in-may-122050800246_1.html

Telecom

DoT abolishes NOCC charges for all telecom licence holders

To enhance ease of doing business, the Department of Telecom has removed network operation and control centre charges for the use of space segments for all services like VSAT, satellite telephony etc for which permits are issued by the department. The DoT earlier levied Rs 21 lakh per transponder per annum for 36 megahertz of spectrum on a pro-rata basis as NOCC charges. Besides this, the department also levied NOCC charges of Rs 6,000 for every trial of antenna that are used for receiving and transmitting signals. "There shall be no NOCC charges for use of space segment for all DoT licensees for commercial and captive VSAT services, GMPCS (satellite phone service), NLD (national long distance) and other telecom licensees having unified licence or standalone license. This order shall be effective from April 1, 2022," DoT said in an order dated May 6.

<https://www.financialexpress.com/industry/dot-abolishes-nocc-charges-for-all-telecom-licence-holders/2516623/>

States

Tamil Nadu's finance department to delegate more autonomy to other departments on expenditure decision

The Tamil Nadu Finance department, which manages public finances of the state government, aims to delegate more autonomy to other departments on expenditure decisions while ensuring that accountability is substantially enhanced. The department ensures effective utilisation of public money and plans to make the audit system more robust and effective, says the department's Policy Note 2022-2023 presented by Finance Minister Palanivel Thiaga Rajan in the Assembly on Saturday.

<https://www.thehindubusinessline.com/news/national/tamil-nadus-finance-department-to-delegate-more-autonomy-to-other-departments-on-expenditure-decision/article65391139.ece>

Healthcare

Over 190.33 crore doses of coronavirus vaccine administered in India so far

The cumulative COVID-19 vaccine doses administered in the country crossed 190.33 crore on Sunday, the Union Health Ministry said. More than 11 lakh (11,93,312) vaccine doses have been administered till 7 pm on Sunday. The daily vaccination tally is expected to increase with the compilation of the final reports for the day by late night. A total of 20,524 precaution doses of COVID-19 vaccine were administered in those aged 18-59 years till 7 pm on Sunday, taking the total precaution doses given in this age-group to 10,93,599 so far, according to the Health Ministry data. Also, more than 3.04 crore children in the age group of 12-14 years have been administered with the first dose of COVID-19 vaccine.

<https://economictimes.indiatimes.com/news/india/over-190-33-crore-doses-of-coronavirus-vaccine-administered-in-india-so-far/articleshow/91423093.cms>

External

UAE Minister of Economy to lead high-level biz delegation to India this week

UAE Minister of Economy Abdulla bin Touq Al Marri will be leading a high-level business delegation to India this week to discuss ways to further promote trade and investments between the two countries, an official said. The visit, from May 11-15, assumes significance as both the countries have implemented the Comprehensive Economic Partnership Agreement (CEPA) on May 1.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/uae-minister-of-economy-to-lead-high-level-biz-delegation-to-india-this-week/articleshow/91413984.cms>