



June 20, 2022 – Monday

Economy

Normal monsoon, interest rate cut key to bringing down inflation by year end, say economists

A combination of normal rainfalls aiding bumper agriculture output and the Reserve Bank of India (RBI) further hiking interest rates to cut easy money in the system hold key to bringing down multi-year high inflation triggered by surging food and fuel prices, economists said. Although the government has room to further reduce excise duty on petroleum products to contain inflation from the fiscal side, emphasis will be on monetary policy to control price pressures, they added. While retail inflation rose 7.04 per cent in May year-on-year, slightly down from 95-month high of 7.79 per cent in April, wholesale or WPI inflation rose to a record high of 15.88 per cent in May. Three-fourth of the price rise is coming from food items and a normal monsoon will help cool it down as it will boost production and replenish stockpiles.

<https://www.financialexpress.com/economy/normal-monsoon-interest-rate-cut-key-to-bringing-down-inflation-by-year-end-say-economists/2565713/>

Banking and Finance

Sitharaman to meet heads of PSBs on June 20, may urge them for credit growth

Finance Minister Nirmala Sitharaman is scheduled to meet the heads of public sector banks (PSBs) on Monday to review the performance of the lenders and the progress made by them on various schemes launched by the government for the revival of the economy. Banks would be urged to sanction loans for productive sectors to accelerate the revival of the economy facing headwinds including from the Russia-Ukraine war, sources said. Last week during the Iconic Week celebration of the finance ministry, banks conducted outreach programs across the country where eligible borrowers have sanctioned loans on the spot. The Finance Minister would take stock of credit growth, asset quality, and business growth plan of banks, sources said, adding non-performing assets (NPAs) of Rs 100 crore and the recovery status would also be discussed.

<https://www.financialexpress.com/industry/banking-finance/sitharaman-to-meet-heads-of-psbs-on-june-20-may-urge-them-for-credit-growth/2565805/>

RBI may mandate domestic processing of payment transactions

The Reserve Bank of India is looking to mandate domestic processing of payment transactions. Presently guidelines are in place for domestic storage of payment data, but banks and nonbanks are allowed to process payment transactions abroad subject to certain conditions. "Keeping in view the emerging geo-political risks, options are being explored to ring-fence domestic payment systems," RBI said in its Payment Vision 2025 document. Under current regulations, there is no bar on processing payment transactions outside India. However, the data shall be stored only in India after processing. The complete end-to-end transaction details should be part of the data.

<https://www.thehindubusinessline.com/money-and-banking/rbi-looks-to-mandate-domestic-processing-of-payment-transactions/article65542783.ece>

Insurance regulator looks at premium financing proposal

The insurance regulator is examining a proposal that may allow customers, both retail and corporate, to take loans for buying an insurance and spread premium payment over longer duration. Known as premium financing in insurance parlance, at present the structure is not available in the country. A senior executive aware of the developments said the move is aimed at increasing insurance penetration, retention, reducing protection gap and also creating new avenues of consumer and corporate financing. "It is being looked at. Necessary amendments will be required in the Insurance Act, for which the government also needs to be on board," he added. Under premium financing, broker or insurer will offer the retail customer an option to spread the cost of insurance over a period of instalments rather than to pay a single premium in one lump sum before the policy commences.

<https://economictimes.indiatimes.com/industry/banking/finance/insure/insurance-regulator-looks-at-premium-financing-proposal/articleshow/92323132.cms>

Flight of FPIs continues; equities worth Rs 31,430 crore sold in June so far

Aggressive rate hike by the US Federal Reserve, coupled with elevated inflation and high valuation of equities continued to keep foreign investors at bay from the Indian stock market as they pulled out Rs 31,430 crore in this month so far. With this, net outflow by Foreign Portfolio Investors (FPIs) from equities reached Rs 1.98 lakh crore so far in 2022, data with depositories showed. Going forward, FPI flows to remain volatile in the emerging markets on account of rising geopolitical risk, rising inflation, tightening of monetary policy by central banks, among others, Shrikant Chouhan, Head – Equity Research (Retail), Kotak Securities, said. According to the data, foreign investors withdrew a net amount of Rs 31,430 crore from equities in the month of June (till 17th). The massive selling by FPIs continued in June too as they have been incessantly withdrawing money from Indian equities since October 2021. Shrikant attributed latest selling to rising inflation, tight monetary policy by global central banks and elevated crude oil prices. Global investors are reacting to increased risks of a global recession as the US Federal Reserve was forced to raise interest rates by 75 basis points due to persistently elevated inflation. Moreover, it also indicated to continue its aggressive stance to contain stubbornly high inflation.

<https://www.financialexpress.com/market/flight-of-fpis-continues-equities-worth-rs-31430-crore-sold-in-june-so-far/2565726/>

Sovereign Gold Bonds saw maximum traction in Covid-hit years

Investment in Sovereign Gold Bonds (SGBs) went up sharply during Covid-impacted years as investors looked for safer options amid volatility in equity markets with 2020-21 and 2021-22 accounting for nearly 75 per cent of total sales of the bonds since the inception of the scheme in November 2015. The next tranche of SGBs is scheduled to open for subscription for five days beginning Monday. The issue price has been fixed at ₹5,091 per gram of gold. It will be the first issuance of the current fiscal. The government in consultation with the Reserve Bank of India has offered a discount of ₹50 per gram less than the nominal value to those investors applying online and the payment against the application is made through digital mode.

<https://www.thehindubusinessline.com/markets/gold/sovereign-gold-bonds-saw-maximum-traction-in-covid-hit-years/article65542451.ece>

Industry

FMCG companies step up focus on “bridge packs” amidst inflation

FMCG companies are ramping up focus on ‘bridge packs’ that are priced between popular entry-level packs and big packs as they tackle inflationary pressures. Analysts said this strategy is helping FMCG companies incentivise consumers to move up in terms of pricing and value proposition. It also allows companies manage consumers’ shift to more affordable packs due to inflationary pressures.

<https://www.thehindubusinessline.com/economy/fmcc-companies-step-up-focus-on-bridge-packs-amidst-inflation/article65542774.ece>

Price rationalisation, consolidation likely in Indian diagnostic space

India’s Rs 55,000 crore diagnostics sector, largely dominated by unorganised players, is set for a shift in dynamics with the entry of online aggregators backed by deep-pocket firms. Price rationalisation and consolidation are the two key trends that would shape the industry in the coming three to five years.

https://www.business-standard.com/article/companies/price-rationalisation-consolidation-likely-in-indian-diagnostic-space-122061900421_1.html

Small steelmakers cheer input cost cut as big rivals fret over export duty

It's a tale of contrasting fortunes in the Indian steel industry since last month's revision of import and export duties on key raw materials and finished goods. Smaller steelmakers benefited from the duty changes as their costs went down and they had little adverse impact on their business, while large steelmakers' export business nosedived as duty revisions made Indian steel uncompetitive on the global stage. Some small companies even published newspaper advertisements to thank the Centre for its decision. "Small steel companies are much happier now because there is good demand from rural areas due to price decrease," said Vijay Jhanwar, an industrialist operating five secondary steel manufacturing units in Chhattisgarh.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/steel/small-steelmakers-cheer-input-cost-cut-as-big-rivals-fret-over-export-duty/articleshow/92322086.cms>

ACs to cost more as new energy rating norms set to come into play

The energy rating rules for ACs are set to change from next month whereby the star ratings will be tightened by one level, making existing product lines one star lower. So, a 5-star AC purchased this summer will become 4-star from next month, and so on with much higher energy efficiency guidelines for 5-star models. This will push up prices by 7-10% due to higher cost of production, manufacturers said. Next in line is tightening of the energy norms for refrigerators from January next year. Companies said the change in the guidelines would make it difficult to manufacture high energy rating refrigerators like 4-star and 5-star due to a significant increase in cost.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/acs-to-cost-more-as-new-energy-rating-norms-set-to-come-into-play/articleshow/92323338.cms>

Agriculture

Telangana spends Rs 9,726 crore to buy 5 MT paddy during rabi season

The Telangana government has so far procured nearly five million tonnes of paddy valued at Rs 9,726 crore from over nine lakh farmers during the Rabi season. Last year (2020-21), Chief Minister K Chandrashekar Rao-led government procured 14.1 million tonne paddy at an estimated cost of Rs 26,610 crore from over 21 lakh farmers, an official release said on Sunday. The state government has purchased over 55 million tons of paddy worth nearly Rs 98,000 crore from farmers during the past seven years. Telangana, which is fast reaching the top position in the country in paddy cultivation by overtaking Punjab, has become "granary of India" with the measures being taken for the welfare of farming community during the last eight years, it said.

<https://www.financialexpress.com/economy/telangana-spends-rs-9726-crore-to-buy-5-mt-paddy-during-rabi-season/2565846/>

Infrastructure

428 infra projects show cost overruns of Rs 4.98 lakh cr

As many as 428 infrastructure projects, each entailing an investment of Rs 150 crore or more, have been hit by cost overruns of more than Rs 4.98 lakh crore, as per a report. According to the Ministry of Statistics and Programme Implementation, which monitors infrastructure projects of Rs 150 crore and above, out of 1,559 projects, 428 projects reported cost overruns and as many as 647 projects were delayed. "Total original cost of implementation of the 1559 projects was Rs 21,73,907.11 crore and their anticipated completion cost is likely to be Rs 26,72,201.26 crore, which reflects overall cost overruns of Rs 4,98,294.15 crore (22.92% of original cost)," the ministry's latest report for April 2022 said. According to the report, the expenditure incurred on these projects till April 2022 was Rs 13,50,610.98 crore, which was 50.54 per cent of their anticipated cost.

<https://www.financialexpress.com/infrastructure/428-infra-projects-show-cost-overruns-of-rs-4-98-lakh-cr/2565587/>

Pragati Maidan Integrated Transit Corridor project: PM Modi inaugurates Delhi's Pragati Maidan tunnel, five underpasses

Prime Minister Narendra Modi inaugurated the main tunnel and five underpasses of Pragati Maidan Integrated Transit Corridor Project in New Delhi on Sunday at 10:30 AM. The project is built at a cost of more than Rs 920 crores which aims to provide hassle-free and smooth access to the exhibition and convention center being developed at Pragati Maidan. It is a core part of the Pragati Maidan Redevelopment Project. The tunnel is 1.6 KM long and is expected to ease travel for commuters traveling to India Gate and to other areas of central Delhi from east Delhi, Noida, and Ghaziabad. The tunnel begins near the National Sports Complex of India (NSCI) at the Purana Qila Road and passes underneath the redeveloped Pragati Maidan to culminate at the Ring Road near the Pragati Power station. The tunnel can be a huge relief for daily commuters working in Connaught Place, Chanakyapuri, and the India Gate region of Delhi.

<https://www.financialexpress.com/infrastructure/pragati-maidan-integrated-transit-corridor-project-pm-modi-inaugurates-delhis-pragati-maidan-tunnel-five-underpasses/2565564/>

Railways looks at upgrading tracks near coal mines

The Indian Railways is eyeing a significant upgrade of track infrastructure near mines that will be focused on coal bearing regions for expeditious transportation as the country grapples with spike in power demand. The plan will also include setting up requisite infrastructure at mines before they are auctioned, officials told ET. According to one of the officials quoted above, the focus is on creating requisite infrastructure in coal and iron ore bearing regions of Bihar, Odisha and Jharkhand. The ministry is in talks with the stakeholder ministries and departments. It has also begun initial discussions with the coal and power ministries for upgrade of the existing infrastructure to address any possible increase in demand for coal.

<https://economictimes.indiatimes.com/industry/transportation/railways/railways-looks-at-upgrading-tracks-near-coal-mines/articleshow/92322884.cms>

Energy

Coal stock at over 52 MT, enough for about 24 days' requirement of power plants

The government on Sunday said that coal stock at various coal mines is more than 52 million tonnes (MT), which is sufficient for about 24 days' of fuel required for power plants in the country. The statement came weeks after shortage of fuel crippled power generation at various power plants in the country. "As on 16th June 22, coal stock at different domestic coal mines is more than 52 MT, which is sufficient for about 24 days requirement of power plants," the coal ministry said in a statement. In addition to it, about 4.5 MT coal stock is available at various goods shed sidings, private washeries and ports and is awaiting to be transported to the power plants. With increased production, the rake supply from Coal India Ltd (CIL) to power sector has also been at all-time high. The rake loading to power sector increased from 215.8 rakes per day in 2020-21 to 271.9 rakes per day in 2021-22, registering a growth of 26 per cent.

<https://www.financialexpress.com/industry/coal-stock-at-over-52-mt-enough-for-about-24-days-requirement-of-power-plants/2565788/>

Selling diesel at Rs 20-25/ltr loss, petrol at Rs 14-18/ltr loss: Pvt retailers to govt

Selling diesel at Rs 20-25 a litre below cost and petrol at Rs 14-18 per litre below cost, as a result of a price freeze despite soaring crude rates is unsustainable, an industry body representing private fuel retailers like Jio-bp and Nayara Energy has told the Oil Ministry and has sought its intervention to create a viable investment environment. On June 10, the Federation of Indian Petroleum Industry (FIPI), which besides private fuel retailers also counts state-owned firms such as IOC, BPCL and HPCL as its members, wrote to the Petroleum Ministry saying losses on petrol and diesel will limit further investments in retailing business. International crude oil and product prices have risen sharply to a decade high but state-owned fuel retailers, who control 90 per cent of the market, have frozen petrol and diesel prices at rates equivalent to two-third of the cost. This has left private fuel retailers like Jio-bp, Rosneft-backed Nayara Energy and Shell to either raise prices and lose customers, or to curtail sales to cut losses.

<https://www.financialexpress.com/market/commodities/selling-diesel-at-rs-20-25ltr-loss-petrol-at-rs-14-18ltr-loss-pvt-retailers-to-govt/2565567/>

India's domestic coal production increases by 28% as of June 16, 2022

After a record-breaking coal production of 777 million tonnes (MT) in 2021-22, domestic coal production continues to witness an increasing trend in the current financial year as well. The total domestic coal production in 2022-23, as of May 31, 2022, is 137.85 MT, which is 28.6 per cent more as compared to the production of 104.83 MT in the same period of last year. This trend is being maintained in June, 2022 also, the Ministry of Coal said today. The coal production by Coal India Ltd (CIL) is 28 per cent more than the production in the same period of the previous year (as of June 16, 2022). The Domestic coal production target for the current financial year is 911 MT which is 17.2 per cent more than the previous year. The coal imports for blending by the Domestic Coal Based (DCB) power plants have dropped to 8.11 MT in the year 2021-22 which has been the lowest coal import in the last eight years. This was possible solely due to the robust coal supply from domestic sources and increased domestic coal production.

https://www.business-standard.com/article/economy-policy/india-s-domestic-coal-production-increases-by-28-as-of-june-16-2022-122061900446_1.html

Govt asks Gencos to buy rakes to ensure smooth coal supply during monsoon

The government has directed the power generation companies (GENCOS) to buy rakes for captive usage, a move which will ensure smooth supplies of coal during the monsoon season. Each year during the monsoon season, the production of domestic coal also falls, Power Minister R K Singh told PTI. When asked if the government is making rake arrangements anticipating production and supply issues during the approaching rainy season, he replied in the affirmative. "That (rakes) is another problem," Singh said adding the Coal Ministry has been saying that there are locations where there is dry fuel but transportation is not happening to the extent of availability. He cited the shortage of rakes besides congestion on some routes as the main reasons for this problem. There are actions which the Railways need to take to reduce the congestion on those lines so that more coal can be evacuated from these places. In some areas, the Coal Ministry will have to up the production where enough rakes are available, the Minister said.

https://www.business-standard.com/article/economy-policy/govt-asks-gencos-to-buy-rakes-to-ensure-smooth-coal-supply-during-monsoon-122061900278_1.html

Telecom

DoT's committee on licencing reforms to submit report by month-end

The telecom department is moving ahead in full stream towards ushering the next round of reforms in the sector and a committee, set up to make suggestions on licencing reforms, is expected to submit its report to the Department by the month-end, a senior official said. Even as hectic preparations are on in the Department of Telecom (DoT) for the upcoming spectrum auctions, work on the second set of reforms is going on in parallel. Some of these reforms may be announced by the July-August timeframe. The reforms span multiple areas including licencing, wireless WPC, satellite telephony, and other areas. A DoT committee headed by Member Technology is deliberating on the licencing terms and conditions reforms, and is expected to submit its report by the month end, following which Department of Telecom will assess which measures involve reference to Telecom Regulatory Authority of India (TRAI) and those which can be taken forward by the Department directly, the official said.

<https://www.financialexpress.com/industry/dots-committee-on-licencing-reforms-to-submit-report-by-month-end/2565691/>

Don't allot 5G spectrum to system integrators, intermediaries: Telcos to DoT

The fight for 5G spectrum between telcos and tech companies is getting bitter by the day. Just days after the Cabinet allowed direct spectrum allocation to enterprises for captive private networks, considered a win for tech companies, India's top telcos have shot off a letter to the Department of Telecommunications (DoT) asking it not to allow direct 5G spectrum allotments to systems integrators and intermediaries, in a clear bid to thwart big tech companies from easy access to the airwaves. In the letter, also marked to the Prime Minister's Office, Niti Aayog and the Department of Economic Affairs, operators have also called on the department to ensure that captive private networks are set up strictly by "end users" (read: enterprises or corporates) and not "third parties," failing which the latter would gain a backdoor entry into telecom services. Tech companies typically function as systems integrators.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/dont-allot-5g-spectrum-to-system-integrators-intermediaries-telcos-to-dot/articleshow/92317880.cms>

COAI disappointed on captive network decision; seeks level playing field for orderly growth

Disappointed at the government's decision on captive private networks, industry body COAI has demanded a level-playing-field, arguing that solution providers should also pay license fee and GST at the rates applicable for telcos on the billed amount of revenue, and that such captive networks must remain "truly" private and isolated, and adhere to security norms. In a letter to the Telecom Department, COAI argued that since a decision to enable the captive networks through direct spectrum assignment has been taken, the government must now restrict scope of such non-public networks to machine-to-machine communication inside the specific premise and plant automation only.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/coai-disappointed-on-captive-network-decision-seeks-level-playing-field-for-orderly-growth/articleshow/92318236.cms>

States

Uttar Pradesh's transition towards green energy gains momentum

Uttar Pradesh's energy transition towards green energy is gaining momentum with strong backing from major players investing in renewable energy sources. Investment proposals worth Rs 4,782 crore in Clean Energy in the ground breaking ceremony held earlier this month, are proof of it. According to a government spokesman, Uttar Pradesh has become a preferred investment destination for renewables as the Yogi Adityanath government is providing a "favourable environment and full cooperation" to the investors. The spokesman said that a look at sector-wise distribution of proposals indicates that there are 23 projects in the renewable energy sector, coming up in 21 districts -- Jalaun, Mau, Ballia, Azamgarh, Sitapur, Jhansi, Banda, Fatehpur, Kanpur, Noida, Aurraiya, Sonbhadra, Agra, Ambedkar Nagar, Badaun, Mahoba, Mirzapur, Pilibhit, Pratapgarh, Shahjahanpur, and Unnao.

<https://economictimes.indiatimes.com/industry/renewables/uttar-pradeshs-transition-towards-green-energy-gains-momentum/articleshow/92318040.cms>

Karnataka aerospace & defence policy: To attract ₹60,000-cr investments in 5 years

The Karnataka industries department announced the new Aerospace and Defence Policy (2022–27), aiming for the State to be the preferred investment destination for aerospace and defence manufacturing. Under the new A&D policy, the state will develop five aerospace and defence hubs—Bengaluru, Belagavi, Mysuru, Tumakuru, and Chamarajanagara. "The policy aims to attract investments worth ₹60,000 crore in the defence sector in the next five years, create over 70,000 employment opportunities and develop the state as a manufacturing hub. This includes maintenance, repair, and overhaul (MRO) and space applications for both the Indian market and exports, are some of the key features of the A&D policy," said Murugesh R. Nirani, Minister for Large and Medium Industries.

<https://www.thehindubusinessline.com/news/national/karnataka-announces-new-aerospace-and-defence-policy/article65542615.ece>

External

India fully protected interests of farmers, fishermen at WTO meet, says Piyush Goyal

India has completely protected the interests of farmers and fishermen in the recently concluded ministerial conference of the World Trade Organisation (WTO) in Geneva, commerce and industry minister Piyush Goyal said on Sunday. Members of the Geneva-based WTO on June 17 secured a 'Geneva Package' which included agreements on curbing harmful fishing subsidies and temporary patent waiver for production of COVID-19 vaccines. "Checks are being placed on illegal fishing in the high seas and our fishermen will have full freedom in our EEZ (Exclusive Economic Zones). Similarly, we have ensured the MSP (Minimum Support Price) stays and our farmers interests have been protected," he said. Developed countries engaged in distant water fishing would not be able to provide subsidies for illegal, unreported and unregulated fishing activities, he added.

<https://www.financialexpress.com/economy/india-fully-protected-interests-of-farmers-fishermen-at-wto-meet-says-piyush-goyal/2565801/>

India, Bangladesh explore cooperation in AI, cyber security, startups

India and Bangladesh on Sunday decided to expand their strategic partnership to develop cooperation in areas of Artificial Intelligence, cyber security, startups and Fintech besides expanding ties in railways sector as well as cross-

border river management and conservation. This was decided at the 7th Joint Consultative Commission meeting between the two foreign ministers S Jaishankar and AK Abdul Momen held here on Sunday evening. In his opening remarks Jaishankar said, "...we now look forward to working with you to take our ties to new domains- Artificial Intelligence, cyber security, startups, Fintech. We were pleased to receive your ICT Minister. We had a very good visit by your railway minister recently and I am glad to expand our cooperation on the upgradation of our railway system. We share 54 rivers. Comprehensive management of our rivers and their conservation, as well as the shared environmental responsibility that we have, especially the Sundarbans-these are really areas that we need to work together as part of our commitment to climate action."

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-bangladesh-explore-cooperation-in-ai-cyber-security-startups/articleshow/92322921.cms>

Pulses exporters want 10 per cent cash subsidy to boost exports

Pulses exporters and traders have urged the government to reintroduce cash subsidy on exports of pulses to help farmers at a time when chana, or chickpea, prices have slipped much below minimum support price (MSP) due to a record production. Pulses industry associations have written to the commerce and agriculture ministries, seeking a cash subsidy of 10% to boost exports of chana that is being sold at ₹43 per kg at the farmgate level against an MSP of ₹52.30 per kg. The government had two years back withdrawn a cash subsidy of 7% on pulses exports. Chana occupies about 35-40% of area under pulses cultivation and accounts for about 50% of total pulse production in the country. In 2021-22, the country produced 13.1 million tonnes of chana.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/pulses-exporters-want-10-per-cent-cash-subsidy-to-boost-exports/articleshow/92323131.cms>