



June 23, 2022 – Thursday

Economy

Expecting 7.5 pc economic growth rate this year: PM Modi

The government expects the Indian economy to grow by 7.5 per cent this year, Prime Minister Narendra Modi said on Wednesday. In a virtual address at the BRICS Business Forum, Modi also said the value of the Indian digital economy will reach USD 1 trillion by 2025. Highlighting the strength of the Indian economy, he said there is an opportunity to invest USD 1.5 trillion under the country's national infrastructure pipeline. "We are expecting a 7.5-per cent growth rate this year that will make us the fastest growing major economy," Modi said in his address. In a "New India", transformative changes are taking place in every sector, he said, adding that a key pillar of the country's economic recovery is technology-led growth. "We are supporting innovation in every sector," the prime minister said. The BRICS Business Forum took place a day ahead of a virtual summit of the five-nation bloc.

<https://www.financialexpress.com/economy/expecting-7-5-pc-economic-growth-rate-this-year-pm-modi/2569606/>

Deal activity in India grows 3.2% in May even as APAC sees decline: Report

Deal activity (including mergers & acquisitions, private equity, and venture financing deals) in India grew 3.2% in May, although the Asia-Pacific region as a whole witnessed a sharp decline of 12.7%, from 1,330 deals to 1,161 deals, in May this year, revealed reports by GlobalData, a data analytics firm.

<https://economictimes.indiatimes.com/news/economy/indicators/apac-deal-activity-declines-by-12-7-in-may-report/articleshow/92378440.cms>

Banking and Finance

Proposed digital lending norms may aid penetration in BNPL lending

Fintech players are expecting some disruptions to be caused by the norms proposed by the Reserve Bank of India (RBI) on buy now pay later (BNPL) ecosystem. However, by providing transparency to the largely unregulated sector, fintech players also expect the norms to provide much-needed clarity, to enable stakeholders to bring in innovation and penetration. Banks, non-banking finance companies (NBFC) and fintech companies are developing BNPL products aimed at those who do not have a credit history or access to credit cards. The BNPL products are being made available to unsalaried entrepreneurs such as kiosk owners and street vendors, Ankur Handa, co-founder and chief product officer of financial technology solutions platform Lentra. Although, such products are at a very nascent stage and will take time to be rolled out in a full-fledged manner. Around 35% of BNPL borrowers already have the option of alternative credit facility, which indicates that the BNPL ecosystem has not yet managed to drive credit inclusion than anticipated earlier, analysts at Kotak Institutional Equities said. Given that the BNPL space is still in early stages, the lenders are trying to limit the risk involved, they added.

<https://www.financialexpress.com/industry/banking-finance/proposed-digital-lending-norms-may-aid-penetration-in-bnpl-lending/2569019/>

RBI Guv flags continued high inflation as 'a major concern': MPC minutes

RBI Governor Shaktikanta Das has cautioned that continued high inflation is a major concern for the economy, even as economic activities are gaining traction while voting for a 50 basis points hike in key interest rate to check price rise earlier this month, as per minutes of the meeting released by the central bank on Wednesday. The six-member Monetary Policy Committee (MPC), headed by Das, had announced its decision on June 8. It was the second consecutive hike in repo rate. As per the minutes of the three-day meeting, the Governor said while high inflation continues to be the major concern, revival of economic activity remains steady and is gaining traction. "The time is appropriate to go for a further increase in the policy rate to effectively deal with inflation and inflation expectations. "Accordingly, I vote for a 50 bps increase in the repo rate which would be in line with the evolving inflation-growth dynamics and will help in mitigating the second round effects of adverse supply shocks," he said.

<https://www.financialexpress.com/economy/rbi-guv-flags-continued-high-inflation-as-a-major-concern-mpc-minutes/2569504/>

Bihar, Kerala, Punjab, Rajasthan and WB most stressed fiscally: RBI

Five states, namely, Bihar, Kerala, Punjab, Rajasthan, and West Bengal, figure among the most stressed states fiscally, as per a Reserve Bank of India article. The RBI conducted a detailed study of the states' finances following the recent Sri Lanka crisis. The RBI in its study has concluded that the finances of the states have deteriorated sharply owing to the Covid-19 pandemic. States' tendency towards handing out cash subsidies, provision of free utility services, revival of the old pension scheme, and extension of implicit and explicit guarantees have put states in a peculiar position.

<https://economictimes.indiatimes.com/news/economy/indicators/bihar-kerala-punjab-rajasthan-wb-most-stressed-fiscally-rbi/articleshow/92379343.cms>

GST Council likely to consider clearer framework to curb fake invoices

The GST Council, at next week's meeting, is likely to consider a proposal to bring more clarity on action against entities involved in claiming Input Tax Credit (ITC), which has become a major source of issuance of fake invoices. Since November 2020, the Centre and State have together booked more than 6,700 cases and arrested over 650 persons. More than 20,000 fake GSTNs have been unearthed, and over Rs. 50,000-crore in fake ITC demand has been detected, with the recovery at Rs 2,400 crore.

<https://www.thehindubusinessline.com/economy/gst-council-likely-to-consider-clearer-framework-to-curb-fake-invoices/article65553175.ece>

CBDT notifies TDS disclosure requirements for cryptos, virtual digital assets

The income tax department has come out with detailed disclosure requirements for TDS deductions for virtual digital assets, under which date of transfer and mode of payment will have to be specified. From July 1, tax deducted at source (TDS) of 1 per cent will be levied on payments towards virtual digital assets or cryptocurrencies beyond Rs 10,000 in a year, as the Finance Act 2022 has introduced Section 194S in the I-T Act. In the run up to implementation of the new provision, the Central Board of Direct Taxes (CBDT) on June 21 notified certain amendments in I-T Rules with respect to furnishing TDS returns in Form 26QE and Form 16E.

<https://economictimes.indiatimes.com/news/economy/policy/cbdt-notifies-tds-disclosure-requirements-for-cryptos-virtual-digital-assets/articleshow/92394479.cms>

Industry

Sebi can't initiate proceedings against companies under IBC, says panel

The Insolvency Law Committee has recommended against giving any special dispensation to the Securities and Exchange Board of India (Sebi) from the moratorium clause under the Insolvency and Bankruptcy Code (IBC). According to the rules, once a company is admitted into insolvency under the code, a blanket moratorium kicks in barring regulators from initiating any fresh proceedings against the company. Sebi has made representations to the central government, seeking an exemption from this rule and the matter was referred to the Insolvency Law Committee, said people with direct knowledge of the matter.

<https://economictimes.indiatimes.com/news/economy/policy/sebi-cant-initiate-proceedings-against-companies-under-ibc-says-panel/articleshow/92396507.cms>

Textile Ministry plans beneficiary sentiment survey of important schemes

The Textiles Ministry is planning an impact assessment and beneficiary sentiment survey of important schemes and initiatives for the industry to identify challenges related to their implementation, and take targeted measures to overcome them so that benefits are optimised. Bids have been invited to hire agencies for carrying out impact assessment for schemes such as the Technology Upgradation Fund Scheme (TUFS), Scheme for Integrated Textile Park (SITP), Silk Samagra, PowerTex India, and Samarth, that were all launched to drive sectoral growth and position India as a global textiles manufacturing hub. "The ministry proposes hiring of agency with focus to understand the impact assessment of various schemes under the Ministry of Textiles from beneficiaries' standpoint and undertake sentiment and perception analysis of beneficiaries across the value chain of textiles..." per the RFP (Request for Proposal) floated by the Textiles Ministry. The start date for submission of bids is July 7 and the end date is August 5. The bids are to be opened on August 8.

<https://www.thehindubusinessline.com/economy/textile-ministry-plans-beneficiary-sentiment-survey-of-important-schemes/article65553864.ece>

Sum of all parts: Car sales may surge 25% in June

Passenger vehicle makers in the local market are set to report one of their highest-ever monthly sales this June, with consumer demand staying strong amid an easing in parts shortage that disrupted output through the greater part of the past year. Industry insiders expect as many as 321,000-325,000 passenger vehicles to be dispatched from factories to dealerships in June — an increase of about 25% when compared with 255,743 units sold in the same period last year. Volumes would have been even higher, likely breaching earlier records, had market leader Maruti Suzuki not gone in for a week-long maintenance shutdown. Passenger cars, sedans and utility vehicles sales registered record volumes of 334,311 units in October 2020, and thereafter of 321,794 units in March 2022. Automakers in India report wholesale dispatches from factories and not retail sales to customers. "Demand parameters as reflected in enquiries and bookings remain stable at a healthy level," Shashank Srivastava, senior executive director (marketing and sales), Maruti Suzuki, told ET.

<https://economictimes.indiatimes.com/industry/auto/cars-uvs/sum-of-all-parts-car-sales-may-surge-25-in-june/articleshow/92396570.cms>

64 pc of firms in India expect labour code change to impact P&L, says study

Around 64 per cent of companies in India expect the anticipated changes in the labour code to have a significant impact on their profit and loss and many organisations are even considering reviewing their long-term benefits, according to a report. Over 64 per cent of organisations expect a significant impact on their P&L (profit and loss), while 34 per cent are unsure of making changes to their compensation structure, 46 per cent are planning to continue Provident Fund contributions on Basic Salary, according to 'the State of Retirement Benefits Study in India' by global advisory firm WTW (Willis Towers Watson). It also found that in light of the regulatory changes, labour reforms and increasing cost of providing retirement benefits, 53 per cent of organisations in India are considering or have planned to review their retirement or long-term benefits design in the next two years. The study further revealed that 71 per cent of companies have taken some action to assess implications considering the anticipated Labour Code related changes. On the other hand, 34 per cent are unsure of making changes to their compensation structure in response to the new definition of wages, while 23 per cent are planning to include variable pay in the wage definition.

<https://www.financialexpress.com/industry/64-pc-of-firms-in-india-expect-labour-code-change-to-impact-pl-says-study/2569503/>

Edible oil prices ease as major brands cut MRP by Rs 10-15/litre

Edible oil prices in the retail market have started easing with softening of international rates and the government's timely intervention, Food Secretary Sudhanshu Pandey said on Wednesday. As per government data, the average retail prices of packaged edible oils have ease slightly, except for groundnut oil, across the country since the beginning of this month and are ruling between Rs 150 and 190 per kg. Last week, edible oil firms Adani Wilmar and Mother Dairy reduced the MRP (maximum retail price) for different varieties of cooking oils by Rs 10-15 per litre. Both the companies said the stock with new MRPs will hit the market shortly. "Trends in edible oils prices are very positive due to the government's timely intervention and global developments," Pandey told reporters. Not only edible oils, retail wheat and wheat flour prices are stable as well, he said, adding that regulations have been useful

in keeping domestic prices in check. A senior food ministry official said major edible oil brands have reduced MRP in phases and most recently they cut the price by Rs 10-15 per litre.

<https://www.financialexpress.com/market/commodities/edible-oil-prices-ease-as-major-brands-cut-mrp-by-rs-10-15litre-says-modi-govt/2569641/>

Travel industry calls for scrapping of air suvidha forms; seeks govt intervention in visa delays

With massive delays in visa processing by Schengen countries, US and some other countries disrupting travel plans, the travel industry has sought the government's intervention to alleviate the situation. The Travel Agents Association of India (TAAI), an umbrella organisation representing over 2,500 travel companies, has written to the government, flagging multiple issues and asking the Ministry of External Affairs (MEA) swift action to ease requirements in a bid to boost travel.

https://economictimes.indiatimes.com/nri/visit/travel-industry-calls-for-scrapping-of-air-suvidha-forms-seeks-govt-intervention-in-visa-delays/articleshow/92380813.cms?utm_source=ETTopNews&utm_medium=HPTN&utm_campaign=AL1&utm_content=23

Agriculture

FICCI urges Centre to cut GST on pesticides to 5%

Ahead of the next GST Council meeting slated for June 28-29, industry chamber FICCI has demanded the goods and services tax (GST) on pesticides should be brought down to 5 per cent from current 18 per cent to make it uniform like other inputs such as fertilisers and seeds. "Pesticides are key agri inputs required for reducing crop losses as well as maintaining the yield level. It is necessary to reduce the GST on pesticides to 5 per cent at par with fertilisers," RG Agarwal, chairman of FICCI's crop protection committee, said Wednesday. FICCI is organising the Agrochemicals Conference 2022 — Policy Landscape for a Flourishing Agrochemicals Industry, on Thursday, scheduled to be inaugurated by Agriculture Minister Narendra Singh Tomar.

<https://www.thehindubusinessline.com/economy/agri-business/ficci-urges-centre-to-cut-gst-on-pesticides-to-5/article65553766.ece>

Rubber Board releases fertility map of growing areas

The Rubber Board has launched a soil fertility map of rubber-growing areas in India. Releasing the map, KN Raghavan, Executive Director, Rubber Board, said rubber is more sustainable than any other crop. The book Fertility Status of Rubber-Growing Soils of India was released by Kottayam district collector PK Jayasree at the Rubber Research Institute of India premises. The collector also launched a fertiliser management system to refine fertiliser recommendation based on soil testing. D Shilpa, Superintendent of Police, Kottayam, released the book A decade of rubber research in India: A Bibliography on the occasion. Raghavan said that since fertiliser recommendation for rubber is more specific, it requires less chemical fertilisers compared with other crops. Changes in soil fertility over the years can be assessed, as the soil samples are geo-referenced, which is important for the sustainability of rubber plantations.

<https://www.thehindubusinessline.com/economy/agri-business/rubber-board-releases-fertility-map-of-growing-areas/article65551742.ece>

Energy

India needs \$223 billion to meet 2030 renewable capacity goals, says report

India will need USD 223 billion of investment to meet its goal of wind and solar capacity installations by 2030, according to a new report by research company BloombergNEF (BNEF). The government has set a target of increasing non-fossil power capacity to 500 GW by 2030. It wants non-fossil fuel power sources to provide half of its electricity supply by 2030. "To achieve this target, India needs to massively scale up funding for renewables," the report said, adding that USD 223 billion is required over the next eight years just to meet the solar and wind capacity targets. The report 'Financing India's 2030 Renewables Ambition', published in association with the Power Foundation of India, found that corporate commitments from Indian companies could help India achieve 86 per cent of its 2030 goals of building 500GW of cumulative non-fossil power generation capacity, a statement issued by BNEF said.

<https://www.financialexpress.com/industry/india-needs-223-billion-to-meet-2030-renewable-capacity-goals-says-report/2569236/>

Telecom

Relief for telcos as govt scraps spectrum usage charge ahead of 5G auction

The government has removed spectrum usage charge ahead of the 5G airwave auction in a move that will enable companies save costs in spectrum purchase. "For spectrum acquired through auctions held after 15-09-2021 in different access spectrum bands, no SUC shall be charged," the department of telecommunications said in its order on Tuesday. The decision to scrap SUC for spectrum acquired in auctions after 2021 was a part of telecom reforms package that was unveiled last September. However, a formal order was only issued now. Currently, SUC is levied at differential rates on spectrum acquired through auctions since 2010. A weighted average of spectrum holding and rates is considered for calculation. The SUC is then imposed as a percentage of adjusted gross revenue subject to a minimum of three per cent. This rate has now been dropped in the latest order. While companies will still be charged SUC, the average rate would come down in case a telecom company increases the quantum of spectrum holdings in the auction next month, say industry sources.

https://www.business-standard.com/article/economy-policy/relief-for-telcos-as-govt-scraps-spectrum-usage-charge-ahead-of-5g-auction-122062201032_1.html

Telcos may bid for only 4 out of 10 bands in 5G auction, spend Rs 71,000 crore: IIFL

The upcoming 5G spectrum auctions may see telcos bidding for only four of the ten bands being put up for auction, with spectrum likely to be sold at the base price, which the telcos consider are still high despite a 40% overall reduction in base prices, according to an analyst report. Reliance Jio is expected to spend Rs 37500 crore, while Airtel is expected to spend Rs 25000 crore and Vodafone-Idea to spend Rs 850 crore in the upcoming spectrum auctions, according to an IIFL securities report. The report estimates a total bid value of Rs 71,000 crore, and if all three telcos opt for the option of equal installments over 20 years, the government would receive Rs 620 crore proceeds in financial year 2023.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/telcos-may-bid-for-only-4-out-of-10-bands-in-5g-auction-spend-rs-71000-crore-iifl/articleshow/92390090.cms>

External

Foreign exchange reserves up by \$30.3 bn in FY22, shows RBI data

The country's foreign exchange reserves in nominal terms, including valuation effects, rose by USD 30.3 billion in 2021-22 fiscal against USD 99.2 billion expansion in FY2020-21, RBI data showed. On a balance of payments basis, excluding valuation effects, foreign exchange reserves increased by USD 47.5 billion during 2021-22 as compared with USD 87.3 billion during 2020-21. The Reserve Bank of India (RBI) on Wednesday released Sources of Variation in Foreign Exchange Reserves in India during 2021-22. The valuation loss, reflecting the appreciation of the US dollar against major currencies, amounted to USD 17.2 billion during 2021-22 as against a valuation gain of USD 11.9 billion during 2020-21, the data showed. The current account balance recorded a deficit of USD 38.8 billion as against a surplus of USD 23.9 billion in the fiscal ended 2021. During FY22, there was a capital account surplus of USD 86.3 billion, compared to a surplus of USD 63.4 billion in FY21, the data showed.

https://www.business-standard.com/article/economy-policy/foreign-exchange-reserves-up-by-30-3-bn-in-fy22-shows-rbi-data-122062201132_1.html

India reports CAD of 1.2% of GDP in FY22 on widening trade deficit: RBI

India witnessed a current account deficit of 1.2 per cent of GDP in 2021-22 against a surplus of 0.9 per cent in FY2020-21 due to a wider trade deficit, the Reserve Bank said on Wednesday. For the January-March 2022 quarter, the CAD narrowed on a sequential basis to USD 13.4 billion or 1.5 per cent of GDP against USD 22.2 billion or 2.6 per cent of GDP in the December 2021 quarter. Current account deficit occurs when the value of goods and services imported and other payments exceeds the value of export of goods and services and other receipts by a country in a particular period. The trade deficit widened to USD 189.5 billion in FY22 from USD 102.2 billion a year ago, which resulted in slippage in the number which is considered a key representation of a country's external strength, the RBI said. The

Balance of Payments data suggested that goods imports stood at USD 618.6 billion in FY22 as against USD 398.5 billion in the year-ago period, leading to the widening of the trade deficit.

https://www.business-standard.com/article/pti-stories/india-reports-cad-of-1-2-pc-of-gdp-in-fy22-on-widening-trade-deficit-122062201079_1.html

Govt clears 3 mt wheat for exports till now; 0.26 mt of flour shipped

The Centre on Wednesday said as much as 2.97 million tonnes (mt) of wheat have been cleared for export up to June 14 in the current fiscal after the shipments were allowed with official approval. It also said exports of atta have been monitored closely so that it does not replace wheat. Briefing media on the prices of essential items, Union Food Secretary Sudhanshu Pandey said the domestic wheat prices have been stable at ₹30.33/kg as of June 20, which is much below the international rate of ₹40.96. He said due to the policy measure (ban on export) of the government this has been possible and inflation has been contained.

<https://www.thehindubusinessline.com/economy/agri-business/govt-clears-3-mt-wheat-for-exports-till-now-026-mt-of-flour-shipped/article65554004.ece>

India, Australia hold talks to cement strategic partnership

India and Australia discussed China's dominance in the Indo-pacific region during a bilateral meeting on Wednesday and issued a joint statement that reaffirmed commitment towards implementation of the comprehensive strategic partnership, based on mutual trust and understanding, common interests and shared values of democracy and the rule of law. China figured in the talks between Defence Minister Rajnath Singh and his Australian counterpart Richard Marles, said sources, given both the countries have a common threat perception from the Communist-ruled country. Marles is also the Deputy Prime Minister of Australia, which is a strategic partner of New Delhi. The two nations are members of Quad as well.

<https://www.thehindubusinessline.com/economy/india-australia-hold-bilateral-talks-to-cement-strategic-partnership/article65554175.ece>