



June 24, 2022 – Friday

Economy

Indian economy to grow by 7-7.8 pc in FY23 despite global headwinds: Experts

The Indian economy can grow by 7-7.8 per cent this fiscal on the back of better agriculture production and a revitalised rural economy amid global headwinds mainly due to the ongoing Russia-Ukraine war, eminent economists said. Eminent economist and BR Ambedkar School of Economics (BASE) Vice-Chancellor NR Bhanumurthy said at present Indian economy is facing multiple headwinds largely from external sources. Noting that global inflationary pressures and the Russia-Ukraine war have brought in risks to the economy, which is otherwise strong with all the domestic macro fundamentals being well managed, he said unlike advanced economies, India's Covid stimulus measures, especially the fiscal policy interventions, are less inflationary and rather growth-enhancing. "With better agricultural production and revitalised rural economy India should touch 7 per cent growth in the current year despite global headwinds," Bhanumurthy told PTI.

<https://www.financialexpress.com/economy/indian-economy-to-grow-by-7-7-8-pc-in-fy23-despite-global-headwinds-experts/2570539/>

States to push for continuing GST compensation beyond June: Report

The GST Council at its meeting next week is likely to be a stormy affair with the opposition-ruled states aggressively pushing for the continuation of compensation for revenue loss, while the Centre will defend such a move citing a tight revenue position. To meet the shortfall in the GST compensation fund, the Centre has borrowed and released to states Rs 1.1 lakh crore in 2020-21 and Rs 1.59 lakh crore in 2021-22 as back-to-back loans to meet a part of the shortfall in cess collection. In addition, the Centre has also been releasing regular GST compensation from the fund to meet the shortfall. "Last year, out of the compensation cess collection, the Centre has repaid Rs 7,500 crore towards interest cost for the borrowing and Rs 14,000 crore is to be paid this fiscal. From next fiscal, the repayment of the principal amount will start, which will continue till March 2026," an official said.

https://www.business-standard.com/article/economy-policy/states-to-push-for-continuing-gst-compensation-beyond-june-report-122062300988_1.html

AI adoption to add \$500 billion to India's GDP by 2025: Nasscom report

The adoption of artificial intelligence (AI) and data utilisation strategy can add \$500 billion to India's GDP by 2025, a new Nasscom report showed on Thursday. The AI adoption in four key sectors -- BFSI, consumer packaged goods (CPG) and retail, healthcare, and industrials/automotive -- can contribute 60 per cent of the total \$ 500 billion opportunity, according to "AI Adoption Index" Nasscom, EY and Microsoft, EXL and Capgemini. Though the current rate of AI investments in India is growing at a compound annual growth rate (CAGR) of 30.8 per cent and poised to reach \$881 million by 2023, it will still represent just 2.5 per cent of the total global AI investments of \$340 billion. This creates a massive opportunity for Indian enterprises to accelerate investments and adoption of AI to drive equitable growth across sectors.

https://www.business-standard.com/article/economy-policy/ai-adoption-to-add-500-billion-to-india-s-gdp-by-2025-nasscom-report-122062300493_1.html

Banking and Finance

Banks hike deposit rates to woo savers

Banks are increasing deposit rates to attract savers, as they seek to raise funds to meet growing credit demand despite higher lending rates, and with the new spike in Covid-19 infections having little impact on economic activities. State Bank of India, the country's largest lender, last week increased the retail rate by 20 basis points, or 0.2 percentage point, for fixed deposits of less than two years.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/banks-hike-deposit-rates-to-woo-savers/articleshow/92422865.cms>

Finance ministry red flags extending free food scheme

The finance ministry's Department of Expenditure has argued against extending the free food ration scheme beyond September or making any major tax cuts, warning of consequences for the government's fiscal position. The government in March extended the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) for six months to September. The government has budgeted ₹2.07 lakh crore for food subsidies in FY23, lower than the revised ₹2.86 lakh crore for FY22. The PMGKAY extension till September is expected to swell the subsidy bill to about ₹2.87 lakh crore. Extending the scheme by a further six months could cost another ₹80,000 crore in FY23, lifting the food subsidy to nearly ₹3.7 lakh crore.

<https://economictimes.indiatimes.com/news/economy/policy/finance-ministry-red-flags-extending-free-food-scheme/articleshow/92422952.cms>

India aims to keep FY23 fiscal deficit at last year's level: Report

India's government won't be able to cut its budget deficit in the current fiscal year as previously projected, officials said, but will seek to cap the shortfall at last year's level to prevent a major deterioration in public finances. Efforts to maintain some fiscal discipline reflect New Delhi's concern around risks to its sovereign credit rating, but will likely limit the government's firepower to contain inflation and provide relief to households and businesses. In February, Prime Minister Narendra Modi's government set a fiscal deficit target of 6.4% of gross domestic output (GDP) for the year that started on April 1, compared with a deficit of 6.7% last year. The sources said while increased spending to provide relief from inflation meant the government would miss this year's target, policymakers would seek to limit the deviation to 30 basis points.

https://www.business-standard.com/article/economy-policy/india-aims-to-keep-fy23-fiscal-deficit-at-last-year-s-level-report-122062300401_1.html

Irdai mulling to extend testing period under regulatory sandbox mechanism to 3 yrs

Insurance Regulatory and Development Authority of India (Irdai) is mulling to extend testing of products under the regulatory sandbox mechanism to up to three years. The Irdai Chairman said all these initiatives will help in furthering the goal of insurance penetration and reaching out to more and more people. A sandbox is an environment used in the financial services sector, which provides testing ground for new business models, processes and applications that may not necessarily be covered fully by or are not fully compliant with existing regulations. "The insurtech ecosystem is raring to grow. At Irdai we have already developed something called the regulatory sandbox mechanism where the proof of a concept is actually being allowed to be tested on the ground. We are informed that the regulatory sandbox has some shortcomings," Debasish Panda, Chairperson, Irdai said during a talk session.

<https://economictimes.indiatimes.com/industry/banking/finance/insure/irdai-mulling-to-extend-testing-period-under-regulatory-sandbox-mechanism-to-3-yrs/articleshow/92404193.cms>

Officers committee suggests deferment of decision on levying GST on crypto

The officers committee on GST has suggested the GST Council to defer a decision on taxability of cryptocurrency and other virtual digital assets. The Fitment Committee in its report to the GST Council has suggested that a law on regulation of cryptocurrency is awaited and it would be essential to identify all relevant supplies associated with the crypto-ecosystem, besides classification on whether they are goods or services. The committee of officers comprising both from Centre and states, referred to as Fitment Committee, felt that a deeper study was needed on the issues involved in crypto ecosystem. It was decided that Haryana and Karnataka shall study all aspects and submit a paper before the Fitment Committee in due course.

<https://economictimes.indiatimes.com/news/economy/policy/officers-committee-suggests-deferment-of-decision-on-levying-gst-on-crypto/articleshow/92419561.cms>

Investment through participatory notes declines to Rs 86,706-cr in May

Investment in the Indian capital markets through participatory notes (P-notes) dropped to Rs 86,706 crore till May-end from the preceding month, while experts say foreign investors will reverse their selling stance and return to the country's equities in the coming 1-2 quarters. According to Securities and Exchange Board of India (Sebi) data, the value of P-note investments in Indian markets — equity, debt, and hybrid securities — stood at Rs 86,706 crore at May-end compared to Rs 90,580 crore at April-end. In March, the investment was at Rs 87,979 crore. It was Rs 89,143 crore in February and Rs 87,989 crore in January. Of the total Rs 86,706 crore invested through the route till May 2022, Rs 77,402 crore was invested in equities, Rs 9,209 crore in debt, and Rs 101 crore in hybrid securities. In comparison, Rs 81,571 crore was invested in equities and Rs 8,889 crore in debt during April.

<https://www.financialexpress.com/market/investment-through-participatory-notes-declines-to-rs-86706-cr-in-may/2570612/>

Industry

BIS issues performance standards for electric vehicle batteries

The Bureau of Indian Standards (BIS) has come out with performance standards for electric vehicle batteries in order to ensure the safety of consumers, a senior Consumer Affairs Ministry official said on Thursday. BIS, the national standards-setting body that functions under the Consumer Affairs Ministry, has published the "performance standards for electronic vehicle batteries", the official said. The standard "IS 17855: 2022" has been formulated for lithium-ion traction battery packs and systems of electrically-propelled road vehicles and it has been harmonised with ISO 12405-4: 2018, the official added.

<https://www.thehindubusinessline.com/companies/bis-issues-performance-standards-for-electric-vehicle-batteries/article65558168.ece>

Indian M&E industry to grow at 8.8% CAGR to reach Rs 430,401 Cr by 2026: PwC

India's media and entertainment (M&E) industry is expected to grow at an 8.8% CAGR to reach Rs 4,30,401 crore by 2026, as per PwC's Global Entertainment & Media Outlook 2022-2026. This is PwC's 23rd annual analysis and forecast of the sector spending by consumers and advertisers across 52 territories. The report highlights that India will overtake both France and the UK to become the fifth-biggest newspaper market by 2026 and will also be the only country to grow total newspaper print revenue consistently across the five-year forecast period. India will see an increase in total newspaper revenue at a 2.7% CAGR from Rs 26,378 crore in 2021 to Rs 29,945 crore in 2026, PwC had projected. India will also be the only country in the world to grow daily print newspaper copy sales (by volume) during the forecast period.

<https://economictimes.indiatimes.com/industry/media/entertainment/media/indian-media-entertainment-industry-likely-to-touch-rs-4-30-lakh-cr-by-2026-pwc-report/articleshow/92410799.cms>

Agriculture

Tomar asks pesticides industry to work on alternative products as farmers shift to organic

Union Agriculture Minister Narendra Singh Tomar on Thursday urged the pesticides manufacturers to work on alternative products as many farmers have been showing interest in organic and natural farming. He also agreed to take up the industry's demand on GST cut with the Finance Minister. Addressing the Agrochemicals Conclave in Delhi organised by the Federation of Indian Chamber of Commerce and Industry (FICCI) through video conferencing from Solan in Himachal Pradesh, Tomar said the private sector should also join hands with the government to reduce the use of fertilisers and pesticides in farming, even though he agreed that there was no injudicious use of these inputs.

<https://www.thehindubusinessline.com/economy/agri-business/tomar-asks-pesticides-industry-to-work-on-alternative-products-as-farmers-shift-to-organic/article65557994.ece>

Infrastructure

World Bank approves \$245 million loan to modernise India's railway logistics infra

The World Bank has approved a USD 245 million loan to support India's efforts to modernise rail freight and logistics infrastructure, the international financial institution said in a statement on Wednesday. The Rail Logistics project will help India shift more traffic from road to rail, making transport — both freight and passenger — more efficient and reducing millions of tonnes of greenhouse gas emissions (GHG) each year. The project will also incentivise more private sector investment in the railway sector. Indian Railways is the fourth-largest rail network in the world having transported 1.2 billion tonnes of freight in the fiscal ending March 2020. Yet, 71 per cent of India's freight is transported by road and only 17 per cent by rail. The statement also said that the capacity constraints of Indian Railways have limited the volumes and reduced the speed and reliability of shipments. As a result, it has been losing market share to trucks over the years; in 2017-18, its market share was 32 per cent, down from 52 per cent a decade earlier.

<https://www.financialexpress.com/infrastructure/world-bank-approves-245-million-loan-to-modernise-indias-railway-logistics-infra/2570782/>

Energy

Coal shortage hurting non-power sectors still year after supply shift

Since the coal demand-supply mismatch started in August last year, the major casualty has been the non-power sectors of steel, aluminium, iron, paper, cement, etc. as the Centre prioritised power units for coal supply. Almost a year has passed since then and coal production has increased, but the situation has hardly improved for these sectors, sector executives told Business Standard. In the past one year, the non-power sector has seen coal dispatch fall by 33 per cent. When the coal shortage commenced in August last year, the Centre had directed national miner Coal India (CIL) to prioritise the power sector for coal supply and divert the coal from other sectors if need be. "The situation has just deteriorated and we are scrambling for options. Bigger players are importing coal which is costlier, but smaller ones do not even have that capital. The rate of coal in e-auction by CIL has also gone up due to increased demand," said an executive of a steel company.

https://www.business-standard.com/article/economy-policy/coal-shortage-hurting-non-power-sectors-still-year-after-supply-shift-122062300919_1.html

High carbon emitters may get sops to curb footprint

India is considering several measures to incentivise high carbon emitting industries such as steel, cement and thermal plants to set up carbon capture facilities. Incentives could be provided through production-linked incentive schemes, viability gap funding or carbon credits. Niti Aayog, the country's policy think-tank, will soon come out with a policy prescription for carbon capture and utilisation of carbon dioxide emitted by industries as part of the plan to achieve Net Zero by 2070, an official said requesting anonymity.

<https://economictimes.indiatimes.com/news/economy/policy/high-carbon-emitters-may-get-sops-to-curb-footprint/articleshow/92420776.cms>

States

Delhi bans entry of medium, heavy vehicles from Nov-Feb to curb pollution

The Delhi government has issued an order banning the entry of medium and heavy goods vehicles in the national capital from November to February in an effort to curb vehicular pollution, officials said on Thursday. According to an official, entry of such vehicles will be banned from November 1, 2022 to February 28, 2023. Vehicular pollution leads to deterioration of air quality during the winter months, he added.

https://www.business-standard.com/article/current-affairs/delhi-bans-entry-of-medium-heavy-vehicles-from-nov-feb-to-curb-pollution-122062300844_1.html

TN issues global tender to procure 100 electric buses

In a bid to move to a climate-friendly transport network, the Tamil Nadu government plans to procure 100 low-floor AC electric buses for urban operations. The purchase will be a precursor to a much larger order for 400 units to be allocated to Chennai and other cities based on the success of the initial launch. The procurement of all 500 buses is

planned to be completed by 2024. The Institute of Road Transport (IRT) has issued a global tender for Expressions of Interest (EOI) for the supply and deployment of battery-operated buses, along with charging infrastructure for the Metropolitan Transport Corporation. According to the 2011 census, the State is spread across a geographical area of 1.3 lakh sq km with a population of around 72 million. The Tamil Nadu Transport Department regulates and operates intra-city bus transportation in major cities as well as inter-city and rural transport services in some regions. <https://www.thehindubusinessline.com/news/tn-issues-global-tender-to-procure-100-electric-buses/article65557733.ece>

External

PM Modi exhorts exporters to achieve long-term export targets

Prime Minister Narendra Modi on Thursday appealed to exporters and the industry to fix long-term export targets for themselves and suggest ways to the government to achieve those figures. Inaugurating the new Vanijya Bhawan here, he said the government has removed over 32,000 unnecessary compliances. He said that the new Bhawan will significantly benefit people associated with trade, commerce and the Micro, Small and Medium Enterprises (MSME) sector. The Prime Minister also launched the NIRYAT (National Import-Export Record for Yearly Analysis of Trade) portal – which is developed as a one-stop platform for stakeholders to get all necessary information related to India’s foreign trade. He added that exports play a critical role in transforming a developing country into a developed nation, besides creating job opportunities. “Last year, despite global disruptions, India’s exports touched USD 670 billion... To achieve new targets, collective effort is necessary. Industry, exporters and export promotion councils are here. I will urge them to fix not only short-term but also long-term export targets for themselves,” he said. The government is working to promote ease of doing business and boost exports, Modi said adding new domestic products like handlooms are reaching new markets.

<https://www.financialexpress.com/economy/pm-modi-exhorts-exporters-to-achieve-long-term-export-targets/2570478/>

PM launches NIRYAT information portal to support importers, exporters

The National Import-Export for Yearly Analysis of Trade (NIRYAT) portal where importers and exporters can get all necessary information related to foreign trade will provide real time data to stakeholders, Prime Minister Narendra Modi has said. “From this portal, important information related to more than 30 commodity groups exported to more than 200 countries will be available. Soon, information related to district-wise exports will also be made available. This will also strengthen the efforts to develop the districts as important centres of exports,” Modi said at the launch of the portal and inauguration of the Vanijya Bhawan on Thursday. The new Vanijya Bhawan will significantly benefit people associated with trade, commerce and the MSME sector, he said.

<https://www.thehindubusinessline.com/economy/pm-launches-niryat-information-portal-to-support-importers-exporters/article65557757.ece>