



June 28, 2022 – Tuesday

Economy

Centre approves investment proposals worth ₹86,824 cr in M-SIPS

The government has approved 314 applications with proposed investments of ₹86,824 crore under modified special incentive package scheme (M-SIPS) till May 31. According to an official note dated June 24 from the Ministry of Electronics and Information Technology (MeitY), the proposals that were approved in May included an investment of ₹596 crore from Bosch Automotive Electronics. "As on May 31, as many as 320 applications with proposed investment of ₹89,232 crore are under consideration. Out of these, 314 applications with proposed investment of approximately ₹86,824 crore have been approved, four applications with proposed investment of approximately ₹315 crore have been recommended by the appraisal committee for approval, and two applications with proposed investment of ₹2,093 crore are under appraisal," it said. As on May 31, incentives of ₹1,774.47 crore have been disbursed to 114 applicants, it added.

<https://www.thehindubusinessline.com/economy/policy/centre-approves-investment-proposals-worth-86824-cr-in-m-sips/article65573590.ece>

Imports come under scrutiny over widening CAD

The government has begun close monitoring of imports amid concerns over the rising current account deficit (CAD) that could undermine India's macroeconomic balance. A senior government official said revenue authorities are being vigilant after the trade deficit hit a record \$24.3 billion in May but ruled out any knee-jerk reaction that could impact the economic recovery underway. "We are keeping a close watch... Officials have been asked to look at the import data," the official said, adding that CAD is an area of concern. The import of precious metals, especially gold, is under scrutiny. Gold imports surged about nine times to \$7.7 billion in May 2022 from a year ago, while silver imports rose to \$556 million.

<https://economictimes.indiatimes.com/news/economy/indicators/imports-come-under-scrutiny-over-widening-cad/articleshow/92504240.cms>

Gig workers in India to top 23 million by 2029-30: Niti Aayog report

The rapid increase in digitalisation and the low entry barriers for gig and platform workers will lead to surge in the number of such workers in India to 23.5 million by 2029-30 as against 7.7 million in 2020-21, government's think-tank NITI Aayog said in its report, released on Monday. The Aayog, in its report 'India's Booming Gig and Platform Economy, has urged the government to ensure universal social security coverage to platform workers while recommending industry to provide them with sick leave, health cover and accidental insurance cover as is prevalent in other countries. "The gig workforce is expected to expand to 23.5 million workers by 2029-30 as against 7.7 million in 2020-21. They would form 6.7% of the non-agricultural workforce or 4.1% of the total livelihood in India by 2029-30," the Aayog said, calling the numbers indicative. In 2020-21, gig workers constituted 2.6% of the non-agricultural workforce or 1.5% of the total workforce in India.

<https://economictimes.indiatimes.com/jobs/gig-workers-in-india-to-top-23-million-by-2029-30-niti-aayog-report/articleshow/92489976.cms>

Banking and Finance

Finance ministry permits state-owned NBFCs to issue letter of comfort

Modifying its earlier order, the finance ministry has permitted state-owned NBFCs to issue 'Letter of Comfort (LOC)' to banks for fund tie-up for infra projects. Earlier in March, the finance ministry had asked other ministries and departments not to issue 'Letter of Comfort' to any hired entity for undertaking projects on their behalf, as part of efforts to improve transparency in fiscal management. "In view of the foregoing and considering that the CPSE-NBFCs are important players in the infrastructure sector, it has been decided that CPSE NBFCs may issue LOCs," an office memorandum issued by the finance ministry dated June 10 said. The memorandum posted on the the finance ministry website on Monday laid down certain conditions which include that lender should be a NBFC (Non-Banking Finance Company) registered with RBI.

<https://economictimes.indiatimes.com/news/economy/policy/finance-ministry-permits-state-owned-nbfc-to-issue-letter-of-comfort/articleshow/92499675.cms>

PSB Privatisation Bill may allow government complete exit

The government will likely introduce a bill in the upcoming monsoon session of Parliament to make amendments to facilitate the privatisation of state-run banks. One of the amendments under consideration is allowing the central government a complete exit from banks being privatised, said an official aware of deliberations. The Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, requires the central government to hold at least 51% of public sector banks. The earlier thinking was that Centre should retain at least 26% stake during privatisation and that this could be brought down gradually.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/psb-privatisation-bill-may-allow-government-complete-exit/articleshow/92504388.cms>

Pvt banks more than triple their share in loans sanctioned to MSMEs

Data shows that private sector banks in India more than tripled their share in loans sanctioned to small businesses in India in FY22. Public sector banks increased their share to 73% in FY21. When competition for credit picked up in FY22, the share of public banks lending to small segments dropped to 19.1%. Private sector banks' share in loans sanctioned to small and medium enterprise (MSME) sector to 69.8% in FY22 on an annual basis. Many private sector banks started cutting their exposure to small businesses when the pandemic broke out but with government guarantees coming in and stress turning out to be less than expected, they sharply increased their market share in FY22. During the pandemic, the government increased credit to small firms by guaranteeing new risks through the Emergency Credit Line Guarantee Scheme (ECLGS).

<https://economictimes.indiatimes.com/industry/banking/finance/banking/pvt-banks-more-than-triple-their-share-in-loans-sanctioned-to-msmes/articleshow/92484518.cms>

India saw 9.36 billion transactions worth Rs 10.2 trillion in Q1 2022, UPI leads

India saw 9.36 billion transactions amounting to Rs 10.25 trillion in the first quarter (January-March period) via various payment modes led by Unified Payment Interface (UPI), a new report showed on Monday. The UPI P2M (person to merchant) transactions emerged as the most preferred payment mode among consumers with a market share of 64 per cent in volume and 50 per cent in terms of value, according to the report by Worldline, a global leader in payments industry. In Q1 2022, UPI clocked over 14.55 billion transactions in volume and Rs 26.19 trillion in terms of value.

<https://economictimes.indiatimes.com/news/economy/finance/india-saw-9-36-billion-transactions-worth-rs-10-2-trillion-in-q1-2022-upi-leads/articleshow/92489292.cms>

Credit cards spends, issuances touch new high in May

Credit card issuances and spends continued to remain robust in May in an indication that the retail economy continues to be strong, said experts. According to data from the Reserve Bank of India, there were 7.68 crore outstanding credit cards in May 2022, which was about a 2.2 per cent increase from 7.51 crore in April. On a year-on-year (y-o-y) basis, this was a jump of 23.3 per cent from 6.23 crore credit cards in force in May 2021. Credit card spends also remained well above the ₹1-lakh crore mark in May despite inflationary pressures and rising interest rates. Total credit card spending in May was at ₹1.13-lakh crore, which was 7.8 per cent higher than ₹1.05-lakh crore

spending in April. But credit card spending has more than doubled in the last year by 117.8 per cent from just ₹52,200 crore in May 2021.

<https://www.thehindubusinessline.com/money-and-banking/credit-cards-spends-issuances-touch-new-high-in-may/article65569648.ece>

Indian banks to witness surge in margins in FY23: Moody's

Indian banks might witness growth in net interest margins (NIMs) in the current financial year (FY23), revealed a report by Moody's Investor Service on Monday. NIM is the difference between the interest income earned and the interest paid by a bank to its interest-earning assets. The widening of these margins can be attributed to recent interest rate hikes undertaken by the Reserve Bank of India (RBI) in order to tame inflation.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/indian-banks-to-witness-surge-in-margins-in-fy23-moodys/articleshow/92493158.cms>

India's policy rate hike shallower than US: Icra

Given the uneven domestic economic recovery, and a relatively larger output gap compared to pre-Covid levels, as well as higher inflation tolerance levels, rating agency ICRA expects India's policy rate hike cycle to be shallower vis-a-vis the US Fed. Aiming to address high inflation in the US, America's central bank has recently hiked policy rates by a steep 75 basis points, while indicating that more rate hikes are likely in the coming days. On the currency rupee, the rating agency expects the Indian rupee to trade between 77.0-80.0 against per US dollar in the remainder of the first half of FY23 -- by September -- amidst the global headwinds, it said in a report.

https://economictimes.indiatimes.com/news/economy/policy/indias-policy-rate-hike-shallower-than-us-icra/articleshow/92483303.cms?utm_source=ETTopNews&utm_medium=HPTN&utm_campaign=AL1&utm_content=23

Indian non-banking finance sector's profit to be stable: Fitch Ratings

Improving credit growth, decreasing asset-quality risks will be the character of Indian non-banking financial institutions (NBFI) during FY23, said Fitch Ratings on Monday. According to the credit rating agency, this status should support NBFI's performance amid a broadening economic recovery, although certain segments could still be vulnerable to higher-than-expected inflation. Fitch revised the Outlook on India's 'BBB-' sovereign rating to Stable from Negative in June 2022. This was underscored by a rapid economic recovery and easing financial-sector weaknesses, which reduce the downside risks to the country's medium-term growth despite near-term inflationary headwinds, the rating agency said. The gross domestic product (GDP) rebounded by 8.7 per cent in FY22 after contracting by 6.6 per cent in FY21.

https://www.business-standard.com/article/finance/indian-non-banking-finance-sector-s-profit-to-be-stable-fitch-ratings-122062700400_1.html

EPFO may consider separate PF, pension scheme for gig and platform workers

The central board of the Employee Provident Fund Organisation (EPFO) may, at its upcoming meeting on July 8, explore the possibility of framing an universal pension scheme for those not yet covered by the retirement fund. A separate scheme that would provide PF and pension benefits for gig and platform workers is likely to be taken up at the meeting to be held in Bengaluru, sources said. An internal committee of the EPFO had made a case for introduction of an universal pension scheme given the Prime Minister Narendra Modi's call to provide an universal social security catering to those not covered under the Employee Pension Scheme, 1995.

<https://www.thehindubusinessline.com/economy/epfo-may-consider-separate-pf-pension-scheme-for-gig-and-platform-workers/article65573342.ece>

Industry

Steel mills mull production cuts, forwarding maintenance period as domestic demand slows

Hit by poor demand and slowing export orders, Indian steel mills are looking at ways to reduce excess stock while some are actively exploring production cuts spanning a cumulative 10–15 days across July and August. According to trade sources, one of the major primary steel producers already had three days of closure, citing maintenance, in

June and is mulling another 10 days of closure for maintenance, with each closure being for a two-to-three day duration. Some mills are looking at a 10–12 per cent production cut in July and August too.

<https://www.thehindubusinessline.com/companies/steel-mills-mull-production-cuts-forwarding-maintenance-period-as-domestic-demand-slows/article65572017.ece>

Auto players battle for glory in the compact SUV segment with new launches

The compact sports utility vehicle (SUV) is going to be a very competitive segment in the automobile industry in the coming months as there are around 10 models competing with each other in the market right now, with companies launching new as well as full model changes to the existing ones. For instance, Hyundai Motor India (HMIL) has recently launched the all-new Venue and Maruti Suzuki India (MSIL) is going to launch the Vitara Brezza on June 30 as a full model change with a slew of new features.

<https://www.thehindubusinessline.com/economy/auto-players-battle-for-glory-in-the-compact-suv-segment-with-new-launches/article65567143.ece>

More than a quarter of MSMEs lost market share due to pandemic

More than a quarter of India's micro, small and medium enterprises (MSMEs) lost a market share of over 3 per cent due to the Covid-19 pandemic, according to CRISIL Research's SME Report 2022. Half of them suffered a contraction in their earnings before interest, tax, depreciation and amortisation (EBITDA) margins because of a sharp rise in commodity prices last fiscal, compared with the pre-pandemic (fiscal 2020) level. The CRISIL report covers 69 sectors and 147 clusters that logged aggregate revenue of ₹47-lakh crore, representing 20-25 per cent of the gross domestic product (implying two-thirds coverage of the MSME universe).

<https://www.thehindubusinessline.com/economy/more-than-a-quarter-of-msmes-lost-market-share-due-to-pandemic/article65569686.ece>

Government working towards easier access to credit for MSMEs: Official

The government is working towards facilitating greater ease of access to credit for Micro, Small and Medium Enterprises (MSMEs), a top official said on Monday. Acknowledging that access to affordable credit remains a challenge for all, especially MSMEs, B B Swain, Secretary of Ministry of MSME, said efforts are being made to address the issue. "Access to affordable credit remains a challenge for all, especially MSMEs. We are working towards facilitating greater ease of access to credit to adequately address this aspect," the Secretary said.

<https://www.financialexpress.com/industry/sme/government-working-towards-easier-access-to-credit-for-msmes-official/2574322/>

Rural gold demand dips as spend on farm inputs rises

As farmers are spending more on seeds, agrochemicals and other farm activities for the ongoing kharif season, rural demand for gold slipped by a quarter in June and the trend is likely to continue in July, industry executives said. Prices of agricultural inputs have gone up this kharif season, putting pressure on the pockets of the agrarian community. Gold is considered as an important asset class in rural India, which accounts for 60% of the country's total annual gold consumption of 850 tonnes. "Rural demand is down 25% in June as farmers are busy in sowing kharif crop and buying seeds and other agricultural inputs. July will also be similar. The demand will return in August during Ganesh Chaturthi," said Ashish Pethe, chairman, All India Gem & Jewellery Domestic Council.

<https://economictimes.indiatimes.com/industry/cons-products/fashion/-/cosmetics/-/jewellery/rural-gold-demand-dips-as-spend-on-farm-inputs-rises/articleshow/92500271.cms>

FSSAI comes out with regulations for vegan foods

In order to curb sale of fake vegan foods, food regulator FSSAI has come out with regulations by defining what constitutes vegan foods and listed out various specifications to be followed for manufacture, sale and import of such food items. Food Safety and Standards Authority of India (FSSAI) has come out with the Food Safety and Standards (Vegan Foods) Regulations, 2022. The regulator had brought the draft regulations in September 2021. After considering objections and suggestions received from the public in respect of the draft regulations, the FSSAI has come out with the new regulations.

<https://economictimes.indiatimes.com/industry/services/hotels-/restaurants/fssai-comes-out-with-regulations-for-vegan-foods/articleshow/92498343.cms>

Agriculture

Progressive sowing of kharif soyabean stands at 26% of previous year's total acreage, says top industry body

According to the estimate of industry body Soyabean Processors Association of India (SOPA), sowing of soybean has been done on 26% of the total area that was planted under soybean in the previous year. While the Government is yet to release any acreage data for soybean sowing this kharif season, we have made a preliminary estimate. The area sown as on date is 31.68 lakh hectares. Last year, the total area as per SOPA was 119.99 lakh hectares and the coverage this year as on date is 26.40% of last year's total area," said SOPA in a media release.

<https://economictimes.indiatimes.com/news/economy/agriculture/progressive-sowing-of-kharif-soyabean-stands-at-26-of-previous-years-total-acreage-says-top-industry-body/articleshow/92495813.cms>

Govt procures 187.8 lakh tonnes of wheat so far at MSP costing Rs 37,852 cr

Food Corporation of India (FCI), the nodal agency for procurement and distribution of foodgrains, has purchased 187.86 lakh tonnes of wheat so far at Minimum Support Price (MSP) for Rs 37,852.88 crore. Wheat procurement starts from April. "Wheat procurement under the central pool in Rabi Marketing Season 2022-23 is going smoothly. Up to June 26, a quantity of 187.86 lakh tonnes of wheat has been procured, benefiting about 17.85 lakh farmers with MSP value of Rs 37,852.88 crore," an official statement said on Monday. The Rabi Marketing Season (RMS) runs from April to March, while the Kharif Marketing season (KMS) runs from October to September. Wheat procurement target has been revised downward to 195 lakh tonnes for the current 2022-23 RMS from the earlier 444 lakh tonnes due to a fall in wheat output and increased exports.

https://www.business-standard.com/article/markets/govt-procures-187-8-lakh-tonnes-of-wheat-so-far-at-msp-costing-rs-37-852-cr-122062701056_1.html

Energy

Government receives 38 bids for commercial mines' auction

The coal ministry on Monday said that it has received a total of 38 bids during three rounds of commercial coal mines' auctions. The online bids received as part of the auction process will be opened on Tuesday from 10 AM onwards in the presence of interested prospective bidders, coal ministry said in a statement. "The last date for submission of online technical bids for all the coal mines was 1200 hours on June 27, 2022 and offline submission was 1600 hours on June 27, 2022," it said. According to the coal ministry statement, a total of 28 offline bids were received against 15 coal mines under fifth tranche of commercial mines' auction.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/metals-mining/government-receives-38-bids-for-commercial-mines-auction/articleshow/92498464.cms>

States

Haryana Cabinet approves startup and data centre policies

The Haryana cabinet on Monday approved a new startup policy which aims to boost and nurture the vibrant startup ecosystem in the state and help entrepreneurs at different stages, an official statement said on Monday. The cabinet also approved a data centre policy with a view to make Haryana a preferred destination for setting up such facilities and help the state emerge as a global data centre hub. Under the startup policy, an business entity recognised as a startup by the Department for Promotion of Industry and Internal Trade (DPIIT) under the Union ministry of commerce and industry up to a period of 10 years from the date of its incorporation/registration and with an annual turnover not exceeding Rs 100 crore and being based in Haryana will be eligible to avail fiscal and non-fiscal benefits.

<https://economictimes.indiatimes.com/news/economy/policy/haryana-cabinet-approves-startup-and-data-centre-policies/articleshow/92498567.cms>

Telecom

DoT issues spectrum leasing guidelines for telcos for private captive networks

Amidst a tussle between telecom and tech companies, the department of telecom has allowed telcos to lease spectrum to companies to set up captive non-public networks (CNPNS), issuing fresh guidelines to facilitate spectrum leasing for the first time in India, in a bid to facilitate industry 4.0 use cases like machine-to-machine communications, mobile edge computing, etc. The guidelines issued by DoT allows private companies to obtain IMT spectrum from one or more telecom service providers (TSPs) with access service license on mutually agreed terms and conditions. Both telcos and private companies leasing spectrum have to ensure that there is no interference caused to any public network or any other licensed user of spectrum.

<https://economictimes.indiatimes.com/industry/telecom/telecom-policy/dot-issues-spectrum-leasing-guidelines-for-telcos-for-private-captive-networks/articleshow/92499565.cms>

Healthcare

India records 45% spike in daily case count; Mumbai sees highest Covid deaths since Feb

India once again registered a sharp single-day spike in daily case count as the new infections rose to 17,073 on Monday, the morning health bulletin said. In terms of fatalities, the country saw 25 Covid deaths, showed the official data. In terms of daily surge, Monday's case count registered 45 per cent increase. The active case count also witnessed a considerable hike. The government records say that India has now 94,420 active coronavirus cases. Meanwhile, nation's Covid-19 vaccination drive achieved a new milestone. The health ministry says that 197.11 crore shots of coronavirus vaccine have been given to eligible beneficiaries across the country.

<https://www.financialexpress.com/lifestyle/health/coronavirus-live-updates-covid19-latest-news-omicron-variants-updates-covid-vaccine-news/2573834/>

External

Modi calls on G-7 nations to invest in clean-tech in India

Prime Minister Narendra Modi has called on G-7 nations to support India's climate ambitions and invest in research, innovation and manufacturing in the area of clean energy technologies in the country. He said there was a huge market emerging for clean energy in India. "The scale that India can provide for every new technology can make that technology affordable for the whole world. The core theories of the circular economy have been an integral part of Indian culture and lifestyle," Modi said at the session on 'Investing in a better Future: Climate, Energy, Health' at the G7 Summit in Germany on Monday.

<https://www.thehindubusinessline.com/economy/modi-calls-on-g-7-nations-to-invest-in-clean-tech-in-india/article65573277.ece>

India, EU resume negotiations for free trade pact

India and the European Union (EU) on Monday resumed negotiations, after a gap of over eight years, for a comprehensive free trade agreement, a move aimed at strengthening economic ties between the two regions. Senior officials from both the sides will hold discussions till July 1. India and the EU "today kick-start 1st round of trade negotiations in #NewDelhi," Ugo Astuto, Ambassador of the European Union to India and Bhutan, said in a tweet. India and the 27-nation bloc on June 17 formally resumed negotiations on the proposed agreements on trade, investments and Geographical Indications (GI). India had started negotiations for a trade pact with the EU in 2007, but the talks stalled in 2013 as both sides failed to reach an agreement on key issues, including customs duties on automobiles and spirits, and the movement of professionals.

<https://www.financialexpress.com/economy/india-eu-resume-negotiations-for-free-trade-pact/2574649/>

India's petroleum products' export falls 1% in May after rising 22% in April

Export of petroleum products fell 1% in May over the year after rising 22% in April as demand soared in the domestic market, according to the oil ministry data. India exported 5.7 million metric tonnes (MMT) of petroleum products in May, 6% higher than in April but 1% lower than in May 2021. Imports increased 14% to 3.2 MMT in May over the year, compared to 3.8 MMT in April. Net export contracted 0.4 MMT during the month over the year. Indian refiners

have been working overtime to meet the soaring fuel demand. The average run at Indian refineries has jumped to 110% in May from 93% a year. Declining net export of refined fuel suggests the domestic market, where demand soared 24% over the year in May, is gobbling most of the output.

https://economictimes.indiatimes.com/industry/energy/oil-gas/indias-petroleum-products-export-falls-1-in-may-after-rising-22-in-april/articleshow/92492580.cms?utm_source=ETTopNews&utm_medium=HPTN&utm_campaign=AL1&utm_content=23

New duty makes iron ore pellet export unviable, prices to crash by 30%: Report

The new 45% export duty levied by the government on iron ore pellets last month has made export of the material unviable and the prices are likely to correct by up to 30% because of this, according to an ICRA Report. The government levied a 45% export duty - compared to nil earlier - on iron ore pellets effective 22 May. The move was meant to discourage export and thus arrest the price inflation in the domestic market. Consequently, the contribution margins of merchant pellet players are expected to decline roughly by Rs 1,000 per metric tonne from pre-duty levels, the report noted.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/new-duty-makes-iron-ore-pellet-export-unviable-prices-to-crash-by-30-report/articleshow/92496956.cms>