



June 29, 2022 – Wednesday

### Key Developments

#### **GST council clears proposal to remove tax exemptions on some items**

The GST Council on Tuesday approved changes in tax rates on some goods and services while allowing states to issue an e-way bill for intra-state movement of gold and precious stones, officials said. The Council, chaired by Finance Minister Nirmala Sitharaman and comprising state counterparts, also cleared a host of compliance procedures for GST-registered businesses along with a GoM report on high-risk tax payers to check evasion. The GoM had suggested withdrawal of GST exemption on a host of services including on hotel accommodation of less than Rs 1,000 per day and replacing it with a 12 per cent tax. It also recommended a levy of 5 per cent GST on room rent (excluding ICU) charged for hospitalised patients where the hospital room charges are above Rs 5,000 per day. It wanted all post office services other than postcards and inland letters, book post and envelopes weighing less than 10 gm, to be taxed. Also, cheques, loose or in book form should be taxed at 18 per cent, the GoM recommended. The GoM favoured withdrawal of exemption given to renting of residential dwellings by businesses for residential use. With regard to e-way bill on intra-state movement of gold, jewellery and precious stones to check evasion, the Council recommended that states can decide on the threshold above which the electronic bill is to be made mandatory.

<https://www.financialexpress.com/economy/gst-council-clears-proposal-to-remove-tax-exemptions-on-some-items/2575735/>

#### **Sebi revises threshold for adjustment in derivative contracts post dividend**

Capital markets regulator Sebi on Tuesday came out with new adjustment rules for dividends in Futures and Options (F&O) scrips. "It has been decided that the adjustment in derivative contracts shall be carried out in cases where dividends declared are at or above 2 per cent of the market value of underlying stock," Sebi said in a circular. The threshold has been revised from 5 per cent and above to 2 per cent and above. The new framework will be applicable from Wednesday. Currently, dividends that are below 5 per cent of the market value of the underlying stock are deemed ordinary dividends and no adjustment in the strike price is made for such dividends. For extra-ordinary dividends, which will be at and above 2 per cent of the market value of the underlying security, the strike price would be adjusted.

[https://www.business-standard.com/article/markets/sebi-revises-threshold-for-adjustment-in-derivative-contracts-post-dividend-122062801014\\_1.html](https://www.business-standard.com/article/markets/sebi-revises-threshold-for-adjustment-in-derivative-contracts-post-dividend-122062801014_1.html)

### Economy

#### **Eggs, meat dearer as feed prices rise**

Unabated inflation in poultry farm input costs caused prices of eggs and poultry meat to turn dearer when common households are already struggling with their kitchen budget. The egg price has soared back to Rs 7 per piece after easing to about Rs 6 per unit recently. Broiler chicken prices too moved higher by Rs 20-25 per kg since last week, retailers in Kolkata markets said. Vegetable prices also started to shoot up in the last few days due to rain, they said.

<https://economictimes.indiatimes.com/news/economy/indicators/eggs-meat-dearer-as-feed-prices-rise/articleshow/92523548.cms>

### **Cotton, cooking oil and poultry prices cool down**

Prices of cooking oils, cotton and poultry have come down in the past few weeks while onion, pulses and sugar have remained steady, bringing some relief from soaring inflation that has been troubling the economy for several months now. Sugar prices are not likely to increase during the festival season as the government has capped exports and refrained from announcing the export policy for the next season, fearing it may push prices up, trade insiders said. Prices of onion and pulses, however, could still go up in the coming days as normally they start rising with the onset of monsoon, they said. Chicken prices have decreased by 8-10% during the past fortnight, while retail cooking oil prices have fallen by Rs 10-15 per litre.

<https://economictimes.indiatimes.com/news/economy/indicators/cotton-cooking-oil-and-poultry-prices-cool-down/articleshow/92528631.cms>

### **Banking and Finance**

#### **Bank deposit growth moderated to 10 pc in March 2022: RBI data**

The growth in Scheduled Commercial Banks (SCBs) deposits moderated to 10 per cent year-on-year in March 2022, compared to an increase of 11.9 per cent a year ago, RBI data showed. During 2021-2022, current, savings and term deposits rose by 10.9 per cent, 13.3 per cent and 7.9 per cent, respectively, the Reserve Bank of India (RBI) said. On Tuesday, the RBI released data on Deposits with Scheduled Commercial Banks – March 2022. The data showed that consistent with the monetary and liquidity conditions, interest rates on term deposits moderated further during fiscal 2021-22. "The share of term deposits bearing over 6 per cent interest rate came down to 14.4 per cent in March 2022 (31 per cent a year ago; 78.7 per cent two years ago)," it showed. The share of Current Account and Savings Account (CASA) deposits in total deposits has been increasing over the years and stood at 44.8 per cent in March 2022 as compared with 41.7 per cent three years ago, the central bank said.

<https://www.financialexpress.com/industry/banking-finance/bank-deposit-growth-moderated-to-10-pc-in-march-2022-rbi-data/2575814/>

#### **Record \$82 billion dealmaking spree sees India defy global slump**

Bankers in India recorded their best-ever quarter for mergers and acquisitions while dealmaking elsewhere slows to a crawl. India saw \$82.3 billion pending and completed M&A deals in the second quarter, the highest amount on record, according to data compiled by Bloomberg. That's more than twice as much than the previous record of \$38.1 billion in the third quarter of 2019. Globally, M&A volume in the quarter reached \$827.6 billion, down 8.7% from the same period in 2021. The surge in India was dominated by HDFC Bank Ltd.'s \$60 billion all-stock purchase of Housing Development Finance Corp. in April, combining India's most valuable bank and largest mortgage lender in the country's biggest ever M&A transaction. The move illustrated how India's flagship companies, facing disruptive trends such as the rise of fintech and climate change, are turning to dealmaking as a tactic to dramatically reshape themselves. "While conglomerates will consolidate to become stronger and gain market share in their core sectors, there will be renewed or new initiatives around two big themes: ESG and digital," according to Sonjoy Chatterjee, chairman and chief executive officer for Goldman Sachs Group Inc. in India. The second in particular is a focus for all companies, no matter the sector, he added.

<https://www.financialexpress.com/economy/record-82-billion-dealmaking-sprees-india-defy-global-slump/2575324/>

#### **Buyer to deduct TDS on peer-to-peer VDA transactions: CBDT**

The income tax department on Tuesday said both buyer and seller will have to withhold taxes for transactions involving an exchange of one virtual asset for another. Issuing a further set of clarification, the Central Board of Direct Taxes (CBDT) also said according to section 194S of the I-T Act, the buyer will have to deduct tax in a peer-to-peer transaction of virtual digital assets (VDA). "Thus, in a peer-to-peer (ie buyer to the seller without going through an Exchange) transaction, the buyer (ie person paying the consideration) is required to deduct tax under section 194S of the Act," the CBDT said. With regard to liability to deduct tax at source under section 194S of the Act when the consideration is in kind or in exchange of VDA, the CBDT said in this situation, the person responsible for paying such consideration is required to ensure that the tax required to be deducted has been paid in respect of such consideration, before releasing the consideration.

<https://economictimes.indiatimes.com/news/economy/finance/buyer-to-deduct-tds-on-peer-to-peer-vda-transactions-cbdt/articleshow/92525874.cms>

## Industry

### **PM Gati Shakti: Steel ministry identifies 38 high impact projects**

The steel ministry on Tuesday said it has identified 38 high impact projects to develop multimodal connectivity and bridge infrastructure gaps under PM Gati Shakti. "The Ministry of Steel has onboarded itself on PM Gati Shakti portal (National Master Plan portal) with the help of Bhaskaracharya National Institute for Space Applications and Geo-informatics (BISAG-N)," an official statement said. PM Gati Shakti, the national master plan for infrastructure development was launched by Prime Minister Narendra Modi in October 2021 with the objective to bring different ministries together and for integrated planning and coordinated implementation of infrastructure connectivity projects. A first layer of data has been created with uploading of geo-locations of all the steel plants of Central Public Sector Enterprises (CPSEs) under the administrative control of the steel ministry.

[https://economictimes.indiatimes.com/infrastructure/pm-gati-shakti-steel-ministry-identifies-38-high-impact-projects/articleshow/92517796.cms?utm\\_source=ETTopNews&utm\\_medium=HPTN&utm\\_campaign=AL1&utm\\_content=23](https://economictimes.indiatimes.com/infrastructure/pm-gati-shakti-steel-ministry-identifies-38-high-impact-projects/articleshow/92517796.cms?utm_source=ETTopNews&utm_medium=HPTN&utm_campaign=AL1&utm_content=23)

### **Steelmakers shut mills for maintenance as demand tumbles and inventory piles up**

Steelmakers are expected to cut production next month by advancing annual maintenance shutdowns to regulate inventory, amid a fall in domestic demand and because of the new export duty that has made international sales unviable, said people in the know. Finished steel inventory has piled up at steel mills, they said. A more than 22% decline in steel prices since its peak in April this year has made buyers wary of holding inventory in anticipation of further price corrections. Traders and user industries of steel had dipped into their stocks and once those depleted, they are buying only as much as they need immediately.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/steel/steelmakers-shut-mills-for-maintenance-as-demand-tumbles-and-inventory-piles-up/articleshow/92524814.cms>

### **White Goods PLI Round 2: Govt approves 15 applicants with investments of ₹1,368 crore**

A total of 15 applicants, including Adani Copper Tubes, LG Electronics, Mitsubishi Electric India, Wipro Enterprises and Crompton Greaves, with committed investment of ₹1,368 crore, have been selected in the second round of the Production Linked Incentive (PLI) scheme in White Goods. "After evaluation of the 19 applications received in the second round, 15 applicants have been chosen. These include six for manufacturing ACs components with committed investments of ₹908 crore and nine for LED Lights components with committed investments of ₹460 crore," according to an official release issued by the Department for Promotion of Industry and Internal Trade (DPIIT) on Tuesday.

<https://www.thehindubusinessline.com/economy/white-goods-pli-round-2-govt-approves-15-applicants-with-investments-of-rs-1368-crore/article65575614.ece>

### **MPV sales grow fastest among passenger cars so far this year**

Multi-purpose vehicles (MPVs) have emerged as the fastest growing segment in India's passenger vehicle industry in the first five months of this year, underlining an increasing preference for larger family vehicles after Covid-19.

As per industry estimates, as many as 138,322 MPVs were sold in the local market during January-May 2022, up 54% from a year earlier. Sales of SUVs increased 21% to 565,384 units in the same period. In the year 2021, sales of SUVs had grown 62% to 1,147,227 units, faster than MPVs which posted a 32% increase in sales at 248,470 units. The share of MPVs in India's passenger vehicle sales has increased to 9.2% in the first five months of 2022 from 6.8% a year earlier. Total passenger vehicle sales rose 14% to 1,506,765 units in the same period.

<https://economictimes.indiatimes.com/industry/auto/cars-uvs/mpv-sales-grow-fastest-among-passenger-cars-so-far-this-year/articleshow/92529096.cms>

### **NITI Aayog proposes regulatory framework for electric mobility**

NITI Aayog has proposed a regulatory framework for electric mobility even as it forecasts electric two-wheelers sales in India to jump to 22.01 million by 2031 as against 0.23 million in 2021 if demand incentives continue beyond 2024

and battery cost reduces while the power goes up due to significant improvement in technology. “At a certain point of time in future there may be an appropriate ecosystem for enforcement of a regulation towards electric mobility or other clean transport options,” the Aayog said in its report Forecasting Penetration of Electric Two-Wheelers in India, jointly developed with TIFAC.

<https://economictimes.indiatimes.com/industry/auto/two-wheelers-three-wheelers/niti-aayog-proposes-regulatory-framework-for-electric-mobility/articleshow/92516725.cms>

#### **Corporate insolvency overhaul: IBBI plans to allow part sale of assets or business under resolution process**

In a significant move, insolvency regulator IBBI proposes to allow resolution (sale) of part assets/ businesses of corporates facing insolvency proceedings. However, such an approach can be explored by resolution applicants and creditors only when no resolution plan is received within the timeline specified for submission of such plan, the IBBI has said. This significant reform — in line with similar practices in foreign jurisdictions — forms part of the over dozen changes in corporate insolvency resolution process (CIRP) proposed by IBBI to reduce delays and improve the resolution value. These changes are reflected in a discussion paper on which IBBI has sought public comments.

<https://www.thehindubusinessline.com/economy/corporate-insolvency-overhaul-ibbi-plans-to-allow-part-sale-of-assets-or-business-under-resolution-process/article65575831.ece>

#### **Indian SaaS market projected to be valued at \$50 billion by 2030:Report**

The Indian Software as a service (SaaS) market is projected to be valued at \$50 billion by 2030, according to a report by a venture capital firm, Bessemer Venture Partners. The report states that India’s SaaS market has reached a critical inflection point as venture dollars deployed in the region reached \$4.8 billion in 2021. With digitisation increasing year-over-year due to an increasingly hybrid world, SaaS start-ups founded in India have seen significant growth in recent years. Anant Vidur Puri, Partner, Bessemer Venture Partners, told BusinessLine, “The growth of SaaS market in India will be a multi- decade journey and today is just the beginning. We are excited that SaaS adoption is on the rise and will continue to be so for many years to come. .” For Indian SaaS founders, there could be no better time to take advantage of the digital rails and rising cloud adoption and build category creating products, he added.

<https://www.thehindubusinessline.com/info-tech/indian-saas-market-projected-to-be-valued-at-50-billion-by-2030report/article65575860.ece>

#### **Artificial intelligence no longer a fringe tech in India: report**

Artificial Intelligence (AI) is no longer a fringe technology in India. Although penetration in application is relatively low, the AI market in the country is witnessing a broad-based awareness and adoption among both enterprises and providers, according to a latest report by Bain & Company. Though organisations in India are deploying AI tools and solutions in some form or the other over a period of time, the adoption rate has seen a spurt in recent times. “About 80 per cent of enterprises have at least one AI model in production, indicating an extensive penetration of AI/Machine Learning (ML),” the survey, conducted in association with Microsoft and Internet and Mobile Association of India (IAMAI), said. “Providers in India are either ahead of or on par with their global counterparts when it comes to AI capability on scale implementations,” it added. The survey—From Buzz to Reality: The Accelerating Pace of AI in India—has captured the scale of adoption of AI and interest among organisations in deployment of AI-based solutions.

<https://www.thehindubusinessline.com/info-tech/artificial-intelligence-no-longer-a-fringe-tech-in-india-report/article65573183.ece>

### **Agriculture**

#### **Pulses prices rise as monsoon remains patchy in main growing states**

After a gap, the prices of select varieties of pulses have started rising for the past few days due to a delay in the onset of the southwest monsoon over major growing regions of Madhya Pradesh, Maharashtra, and Gujarat. Trade and market sources said between last week and Tuesday, the prices of tur had risen by around 5 per cent in major wholesale markets of India, while those of urad had gone up 3-4 per cent over fears that scanty rain could have an impact on the kharif harvest. The data showed the acreage of pulses till June 24 across the country was around 36 per cent less than in the same period last year. Of this, the tur area was around 55 per cent lower than last year and urad around 52 per cent down.

[https://www.business-standard.com/article/economy-policy/pulses-prices-rise-as-monsoon-remains-patchy-in-main-growing-states-122062801229\\_1.html](https://www.business-standard.com/article/economy-policy/pulses-prices-rise-as-monsoon-remains-patchy-in-main-growing-states-122062801229_1.html)

#### **SOPA seeks rollback of customs duty exemption on edible oils**

The Soybean Processors Association of India (SOPA) has urged the Union government to gradually roll back the exemption of customs duty on edible oils to stem falling domestic prices of soyabean. In a letter to Union Minister of Commerce and Industry Piyush Goyal, SOPA Chairman Davish Jain said recent policy initiatives, including slashing of customs duty on edible oils, have caused a 15-26 per cent decline in the prices of both imported and domestic edible oils in the past month. The fall in edible oil prices has also contributed to a substantial drop in soyabean prices in the domestic market. Jain further wrote that the fall in soyabean prices sends a negative signal to farmers at the peak sowing time for kharif oilseeds. If the fall in prices continues, some growing areas may shift to other crops and this will break the momentum built over the last two years in oilseed production, he said, urging the government to gradually increase customs duty on edible oils to both benefit the growers and augment government revenue.

<https://www.thehindubusinessline.com/economy/agri-business/sopa-seeks-rollback-of-customs-duty-exemption-on-edible-oils/article65575215.ece>

### **Infrastructure**

#### **Deal activity in infrastructure space sees a sharp rise in May**

The deal activity in the infrastructure space in India saw a sharp rise in the month of May while new investments announced rose by 38.3% on a year-on-year basis, data shows. As per a report by research firm Nomura, a flurry of deal flows and investments were seen in the renewable and new energy, mobility segments in May while the logistics space saw significant fund-raising.

<https://economictimes.indiatimes.com/news/economy/infrastructure/deal-activity-in-infrastructure-space-sees-a-sharp-rise-in-may/articleshow/92515192.cms>

### **Telecom**

#### **DoT issues norms for captive private network licences**

The telecom department has issued rules for enterprises setting up Captive Non Public Network (CNPN), stipulating a minimum network of Rs 100 crore for applicants seeking direct assignment of spectrum from the government. The applicant must be an Indian company registered under the Companies Act, Department of Telecom (DoT) said listing out the broad guidelines that would apply for CNPN licence, including rules for enterprises setting up such networks. The CNPN licensee would not be required to pay any entry fee or licence fee. "For seeking direct assignment of spectrum from the government, the network of the applicant shall not be less than Rs 100 crore," it said. On the scope of the CNPN licence for enterprises, it said such a licensee may establish indoor/within premise isolated captive non public network for own use within the areas of operation of licence.

<https://economictimes.indiatimes.com/industry/telecom/telecom-policy/dot-issues-norms-for-captive-private-network-licences/articleshow/92522207.cms>

#### **Direct spectrum allocation to tech firms may hit 5G airwave demand at auction**

The latest government regulations that would allow large tech companies to set up parallel pan-India captive 5G networks, bypassing telecom carriers, would dampen demand for critical C-band (3.3-3.6 GHz) airwaves in the upcoming 5G auction, telcos have said. The new rules for captive private network rollouts announced on Monday would degrade the business case for carriers to invest strongly in airwaves and next-generation mobile broadband network deployments, telecom industry executives told ET.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/direct-spectrum-allocation-to-tech-firms-may-hit-5g-airwave-demand-at-auction/articleshow/92527684.cms>

### **States**

#### **DPIIT to engage consulting agency to implement ₹28,400-crore J&K Industrial Development scheme**

The Department for Promotion of Investments and Internal Trade (DPIIT) plans to engage a leading consulting agency for helping it and the UT government of Jammu and Kashmir in successful implementation of the ₹28,400-crore Central Sector Scheme for Industrial Development of J&K. The agency, for which e-bids are being invited, will act as consultants for the Project Monitoring Unit (PMU) at the DPIIT level and Project Implementation Unit (PIU) at the Directorate of Industries level in Jammu and Kashmir and Ladakh for any upcoming industrial development scheme, per the Request For Proposal (RFP) issued by the government. "It is important for the government to successfully implement the ambitious new industrial policy for J&K as a dramatic industrial transformation was one of the expectations generated when Articles 370 and 35A of the Indian Constitution were abrogated in 2019. But it is also very important to build a conducive investor climate simultaneously by bringing in political stability," a trade expert tracking the matter told BusinessLine.

<https://www.thehindubusinessline.com/news/national/dpiit-to-engage-consulting-agency-to-implement-28400-crore-jk-industrial-development-scheme/article65576860.ece>

## External

### **Govt considers allowing some exports of raw sugar piled up at ports: Report**

India is considering allowing mills to ship out stocks of raw sugar that have piled up in ports and warehouses, trade and government sources said on Tuesday, weeks after it imposed curbs on overseas sale of the sweetener. Additional shipments from India, the world's biggest exporter of sugar after Brazil, could weigh on raw sugar futures, which are trading near their lowest in four months. Last month, India capped this season's exports at 10 million tonnes, a figure they had almost reached, in a bid to prevent a surge in domestic prices as the world's second most populous nation battles high food inflation. "We are looking into it," said a senior government official, who sought anonymity in line with official rules. "The proposal regarding raw sugar is under consideration."

[https://www.business-standard.com/article/economy-policy/govt-considers-allowing-some-exports-of-raw-sugar-piled-up-at-ports-report-122062800993\\_1.html](https://www.business-standard.com/article/economy-policy/govt-considers-allowing-some-exports-of-raw-sugar-piled-up-at-ports-report-122062800993_1.html)

### **Slowing exports, rising cost to crimp profitability of home textile firms: Crisis**

Exports account for 60-70% of the Indian home textile industry's revenue. The US, the world's largest market for it, accounts for a sizeable ~58% of these exports. Global demand for home textiles is expected to be impacted in the near-term by inflationary headwinds, with big-box retailers pruning inventory and consumers cutting down on discretionary spends. A slowdown in the sales of key US retailers in the past 3-6 months has led to an on-year decline of 5-6% in overall home textile exports from India (refer to Annexure 2) between January and April 2022.

<https://economictimes.indiatimes.com/industry/cons-products/garments/-/textiles/slowing-exports-rising-cost-to-crimp-profitability-of-home-textile-firms-crisis/articleshow/92513126.cms>

### **Wheat exporters concerned over delay in clearance of shipments with valid LCs**

An "undue" delay in clearing wheat for exports from various ports across the country is causing concern to shippers, particularly with the monsoon beginning to gather momentum. At least 17 ships are waiting across various ports to load wheat consignments. The problem is mainly with wheat stored in warehouses, mainly on the Eastern coast ports such as Visakhapatnam, Krishnapatnam and Kakinada. The consignments can set sail only after they are cleared by authorities and have an irrevocable letter of credits (LC) opened on or before May 13.

<https://www.thehindubusinessline.com/economy/agri-business/wheat-exporters-concerned-over-delay-in-clearance-of-shipments-with-valid-lcs/article65576697.ece>