



June 30, 2022 – Thursday

Key Developments

Sebi permits FPIs to participate in exchange-traded commodity derivatives market

Capital markets regulator Sebi on Wednesday decided to allow foreign portfolio investors to participate in the exchange-traded commodity derivatives segment, a move that will further increase depth and liquidity in the market. The board of Sebi, during its meeting held on Wednesday, also approved amendments to rules governing mutual funds and portfolio managers. Further, it has cleared amendments to SECC Regulations provisions relating to Limited Purpose Clearing Corporation (LPCC) for clearing and settlement of corporate bond repo transactions. In a significant move, Foreign Portfolio Investors (FPIs) will be allowed to trade in all non-agricultural commodity derivatives and select non-agricultural benchmark indices. Initially, FPIs will be allowed only in cash-settled contracts. "The participation of FPIs in Exchange Traded Commodity Derivatives (ETCD) market is expected to enhance liquidity and market depth as well as promote efficient price discovery," Sebi said in a release after the board meeting.

<https://www.financialexpress.com/market/sebi-permits-fpis-to-participate-in-exchange-traded-commodity-derivatives-market/2576999/>

Economy

Changes in GST rates to take effect from July 18

Several goods and services will cost more from July 18 with the Goods and Services Tax (GST) Council approving an increase in rates to address inverted duty structures and withdrawing some exemptions. Finance minister Nirmala Sitharaman said any increase in GST rates is intended to make up for "inefficiencies" in the value chain. She said all states are aware of the potential impact of rate rationalisation on inflation and any increase in GST rates will also make up for the tax burden borne by some other activities in that value chain. "Technology may correct anomalies for inefficiencies and therefore may have a possible impact on revenue collection. But the revenue-neutral rate of the RBI study has been breached to the disadvantage of the system... That calls for a correction," Sitharaman told reporters after the 47th council meeting here.

<https://economictimes.indiatimes.com/news/economy/finance/changes-in-gst-rates-to-take-effect-from-july-18/articleshow/92557228.cms>

Hurun says 122 more Indian startups can become unicorns in 4 years

Despite the ongoing 'funding winter' which can impact start-up valuations, the number of unicorns or startups valued at over USD 1 billion will grow by 122 to cross the 200 companies mark in the next four years, a report said on Wednesday. The number of unicorns stand at 84 right now as against 51 in the year-ago period, and there are 122 others valued at over USD 200 million which can achieve the unicorn status in the next 2-4 years, Hurun Research Institute said. According to reports, a 'funding winter' is upon the otherwise fledgling Indian startup ecosystem due to various reasons like liquidity conditions getting tighter all across the world. The report, which has been done in association with ASK Private Wealth, said the 122 companies most likely to achieve the 'unicorn' status are valued at USD 49 billion, which is a 36 per cent jump since last year. These 122 companies employ 82,300 people at present, as per the ASK Private Wealth Hurun India Future Unicorn Index 2022. Venture capital fund Sequoia is the most

popular backer of such companies, with 39 of the 122 having received funding from it, and is followed by Tiger Global in 27.

https://www.business-standard.com/article/companies/hurun-says-122-more-indian-startups-can-become-unicorns-in-4-years-122062901009_1.html

Banking and Finance

RBI Governor Shaktikanta Das says proper interpretation of data necessary for more informed decision making

RBI Governor Shaktikanta Das on Wednesday emphasised the need for proper interpretation of data to facilitate more informed decision making as it will bring clarity in communication from decision makers as well as formation of rational expectations from market participants. "The importance of statistics in public policy is well understood. In the face of high uncertainty brought on by the COVID-19 pandemic, the discipline of statistics found itself in greater spotlight. This unprecedented global phenomenon has tested human endeavour in multiple facets and magnitude," he said. Speaking at the RBI's annual 'Statistics Day Conference', Das mentioned that lockdowns in various countries, including India, posed severe challenges to the compilation and availability of data relating to the spread of the pandemic, and its impact on various economies and the world urgently needed solutions to a problem it had never seen before.

<https://www.financialexpress.com/economy/rbi-governor-shaktikanta-das-says-proper-interpretation-of-data-necessary-for-more-informed-decision-making/2577020/>

PFRDA to go fully digital in operations, invites bids from IT vendors to launch tech project

Pension fund regulator PFRDA has initiated steps to digitise its operations through the 'Technology Architecture (TARCH) Project', inviting bids from IT solutions providers to launch the project. PFRDA's most of the operations are currently manual in nature, and digitisation is partial. PFRDA has decided to digitise and automate its operations through Technology Architecture (TARCH) Project, which is envisioned to be a modular and API (Application Programming Interface) based platform, PFRDA said in a bid document seeking interest from reputed IT system integrators. "Pension Fund Regulatory and Development Authority (PFRDA) invites Expression of Interest (EOI) from interested and reputed IT vendors/System Integrators (SIs) for design, development/customisation, implementation and maintenance services for PFRDA Technology Architecture (TARCH) Project," it said.

<https://economictimes.indiatimes.com/news/economy/policy/pfrda-to-go-fully-digital-in-operations-invites-bids-from-it-vendors-to-launch-tech-project/articleshow/92545719.cms>

Industry

GST Council waives mandatory registration for small businesses selling via e-commerce

More small businesses are likely to sell on e-commerce platforms as the Goods and Services Tax (GST) Council on Wednesday waived the mandatory registration for businesses supplying goods with turnover up to Rs 40 lakh. Currently, sellers selling goods or services online have to be GST-registered despite their turnovers below Rs 40 lakh or Rs 20 lakh threshold respectively in contrast to offline sellers who are exempted from the registration. "Waiver of requirement of mandatory registration under section 24(ix) of CGST Act for person supplying goods through E-Commerce Operators (ECOs), subject to certain conditions, such as first, the aggregate turnover on all India basis does not exceed the turnover specified under sub-section (1) of section 22 of the CGST Act and notifications issued there under. Second, the person is not making any inter-State taxable supply, according to the recommendations of 47th GST Council Meeting.

<https://www.financialexpress.com/industry/sme/msme-eodb-gst-council-waives-mandatory-registration-for-small-businesses-selling-via-e-commerce/2577291/>

Big Retailers stock up in the hope of a surge in demand

Inventory levels at nearly a dozen listed Indian retailers surged by 50% on average in the quarter ended March compared with the year-ago period as businesses, expecting higher demand after two consecutive years of below-par revenue performance, moved to insulate against pandemic-led disruptions. The last quarter of FY22 saw Trent and Go Fashion double their inventory levels, while Page Industries. V-Mart, Relaxo and Aditya Birla Fashion and Retail increased their stocks by 60-70%, data from earnings presentations showed. TCNS's investment in inventory

rose by 30% while Vedant Fashions spent 40% more on it during the quarter. In 2020-21, retailers were forced to dig into inventory reserves as pandemic-led curbs disrupted production and the raw material supply chain. Last fiscal, as the restrictions eased, retailers aggressively rebuilt inventory, in part to insulate against such disruptions.

<https://economictimes.indiatimes.com/industry/services/retail/big-rretailers-stock-up-in-the-hope-of-a-surge-in-demand/articleshow/92555864.cms>

Indian direct selling industry reports USD 3.25 billion sales in 2021, ranks 12 globally

The Indian direct selling industry has reported retail sales of USD 3.25 billion in 2021 (around Rs 27,650 crore) and maintained its 12th place in the global rankings, said a report released by Washington-based World Federation of Direct Selling Associations (WFDSA). The Indian direct selling industry reported a growth of 7.7 per cent in 2021 and had a CAGR (Compound Annual Growth Rate) of 15.7 per cent in the last three years from 2018 to 2021, grabbing sixth position in the Asia Pacific region, the report added. US has emerged as the top direct selling market accounting for 23 per cent of the total sales with USD 42.67 billion retail sales, said WFDSA report. It was followed by South Korea and Germany, both contributing equally 10 per cent of the total global sales with around USD 19 billion sales from direct retail. In 2021, the global direct selling industry reported sales of USD 186.10 billion, up 1.5 per cent in constant currency terms, the WFDSA report added.

<https://www.financialexpress.com/industry/indian-direct-selling-industry-reports-usd-3-25-billion-sales-in-2021-ranks-12-globally/2577207/>

Agriculture

Govt approves Rs 2,516 cr for computerisation of 63,000 PACS: Anurag Thakur

The government on Wednesday approved Rs 2,516 crore for computerisation of functional 63,000 Primary Agriculture Credit Societies (PACS) aimed at promoting financial inclusion. The decision was taken by the Cabinet Committee on Economic Affairs (CCEA) chaired by Prime Minister Narendra Modi. The computerisation programme is aimed at increasing efficiency of PACS, bringing transparency and accountability in their operations, facilitating these societies to diversify their businesses and undertake multiple activities/ services. Addressing media after the Cabinet meeting, Information and Broadcasting Minister Anurag Singh Thakur said this project proposes computerisation of about 63,000 functional PACS over a period of 5 years with a total budget outlay of Rs 2,516 crore, with the Centre's share of Rs 1,528 crore. The project comprises development of cloud-based common software with cyber security and data storage. It will also provide hardware support to the PACS and help in digitisation of existing records. This software will be in vernacular language having flexibility of customisation as per the needs of states.

<https://www.financialexpress.com/economy/govt-approves-rs-2516-cr-for-computerisation-of-63000-pacs-anurag-thakur/2576872/>

Infrastructure

Housing market on firm footing, consolidation in favour of grade I developers continues

The momentum of housing market growth is expected to continue in 2022-23 on the back of a strong demand and grade I realty developers are likely to generate strong sales owing to the ongoing consolidation in the market, said ratings agency India Ratings and Research. As home buyers remain wary of under-construction projects by grade II developers, there has been formalisation of the sector with grade I and strong local players gaining market share and brands winning the customer preference. The formalisation of the sector is driving fringe players to partner with grade I developers for project execution and sales as they command the market. The ratings agency expects grade I players to register double-digit on-year sales growth of around 15% in 2022-23.

<https://economictimes.indiatimes.com/industry/services/property/-cstruction/housing-market-on-firm-footing-consolidation-in-favour-of-grade-i-developers-continues/articleshow/92548378.cms>

E-commerce, 3PL drive up warehousing rentals

The demand for warehousing and logistics space, led by the expansion of e-commerce and growth of third-party logistics (3PL) companies, is pushing rentals in this segment. Rents in key warehousing markets have risen over 5% so far in 2022 as against a compounded annual growth rate (CAGR) of not more than 3% witnessed between 2015

and 2021, showed data from JLL India. According to industry estimates, e-commerce companies such as Flipkart and Amazon have leased over a quarter of India's total warehouse capacity in the last two years. This is projected to accelerate further.

<https://economictimes.indiatimes.com/industry/services/property/-/cstruction/e-commerce-3pl-drive-up-warehousing-rentals/articleshow/92555833.cms>

Telecom

Rules for 5G spectrum allocation create pricing uncertainty, Tech cos tell DoT

India's top tech companies have shot off a letter to the Department of Telecommunications (DoT) saying the new rules for captive private network rollouts and direct 5G spectrum allotments to enterprises have created fresh uncertainty around the final pricing of these airwaves. "There is uncertainty as regards the pricing of spectrum (as) it's unclear whether the spectrum would be without charge, or, if charged, what it would be, and when it would be announced," Broadband India Forum (BIF) president T V Ramachandran said in a strongly-worded letter, dated June 29, to telecom secretary K Rajaraman.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/rules-for-5g-spectrum-allocation-create-pricing-uncertainty-tech-cos-tell-dot/articleshow/92555852.cms>

Energy

Govt approves deregulation of sale of domestically-produced crude oil

The government on Wednesday allowed firms like ONGC and Vedanta to sell locally produced crude oil to any Indian refinery for turning it into fuel, such as petrol and diesel, as it deregulated one of the last few avenues that were still under its control. While contracts for oilfields awarded since 1999 gave producers the freedom to sell oil, the government fixed buyers for crude produced from older fields, such as Mumbai High of ONGC and Ravva of Vedanta. Briefing reporters on the decisions taken at a meeting of the Union Cabinet, Information and Broadcasting Minister Anurag Thakur said from October 1, the companies will have the freedom to sell crude oil in the domestic market. This decision would mean ONGC can auction its 13-14 million tonnes a year of crude oil produced from Mumbai High field to any refiner, including private sector Reliance Industries Ltd and Rosneft-backed Nayara Energy.

https://www.business-standard.com/article/economy-policy/govt-approves-deregulation-of-sale-of-domestically-produced-crude-oil-122062900643_1.html

India needs to form Green Hydrogen Corridors: NITI Aayog

India needs to form Green Hydrogen Corridors and governments can look at providing grants to startups as well as support entrepreneurs to promote green hydrogen, NITI Aayog said on Wednesday. In a report titled 'Harnessing Green Hydrogen – Opportunities for Deep Decarbonisation in India', the Aayog also suggested that there is a need to facilitate investment through demand aggregation and dollar-based bidding for green hydrogen. "Three hydrogen corridors should be developed across the country based on state grand challenges ... The governments can provide grants and loans to startups and projects, support entrepreneurs through incubators and investor networks, and put in place regulations that manage first-mover risks," the report said. The government can also use public procurement and purchase incentives (for green hydrogen) to create demand in niche markets and crowd in private investment, it added. The report suggested that the government should promote export of green hydrogen and green hydrogen-embedded products through a global hydrogen alliance.

<https://www.financialexpress.com/industry/india-needs-to-form-green-hydrogen-corridors-niti-aayog/2576915/>

States

Telangana gets T-Hub; to boost 20k startups

T-Hub, which leads India's innovation ecosystem, on Tuesday announced the inauguration of the world's largest innovation campus in Hyderabad. The facility will act as a robust platform to elevate the stature of India's innovation ecosystem globally. Announcing the launch of the new campus, Telangana chief minister K. Chandrashekar Rao said, "T-Hub has evolved from a startup incubator to an innovation hub in India and beyond in the past six years. It has emerged as a strong organisation that is focused on outcome-driven initiatives, and it is well-positioned to back the

global aspirations and ambitions of our entrepreneurs.” T-Hub to impact at least 20,000 startups via its various program interventions in the next five years. It will further empower the thriving startup ecosystem and support the entrepreneurs in their growth journey by providing them with access to 6Ms — Mentors, Market, Motivation, Manpower, Money, Methodologies and 2Ps — Partnership and Policy advisory.

<https://www.financialexpress.com/industry/sme/telangana-gets-t-hub-to-boost-20k-startups/2576185/>

Bangalore international airport crosses 250-million passenger mark

Bangalore international airport has crossed the 250-million passenger mark in its 15th year of establishment in addition to handling 2-million aircraft movements during the period on June 25, BIAL said on Wednesday. “Kempegowda International Airport, Bengaluru has achieved a significant milestone by crossing the 250 million passenger mark since the launch of its operations or Airport Opening Day (AOD), during the last weekend of June 2022,” Bangalore International Airport Ltd (BIAL) said in a statement. It said an additional 50 million passengers travelled from the airport in a span of nearly three years despite the pandemic and consequential slowdown. Furthermore, the facility also achieved the milestone of 2-million Air Traffic Movements (ATMs) since AOD, making it the fastest Public-Private Partnership (PPP) airport in South India to achieve this milestone, as per BIAL.

<https://www.financialexpress.com/infrastructure/bangalore-international-airport-crosses-250-million-passenger-mark/2577296/>

External

Marine exports up 30 pc to nearly USD 8 bn in FY22

Exports of marine products rose 30.26 per cent to USD 7.76 billion during 2021-22 as against USD 5.96 billion in previous fiscal year, the commerce ministry said on Wednesday. India shipped 13,69,264 MT (metric tonne) of seafood worth Rs 57,586.48 crore during 2021-22. “During 2021-22, the export improved in rupee term by 31.71 per cent, in USD terms by 30.26 per cent and in quantity terms by 19.12 per cent,” the ministry said in a statement. K N Raghavan, Chairman, Marine Products Export Development Authority (MPEDA), said India managed to do “all-time high” exports of USD 7.76 billion. Frozen shrimp remained the major export item in terms of quantity and value. Its shipments stood at USD 5.82 billion last fiscal year. The segment accounts for 75.11 per cent of the total dollar earnings.

<https://www.financialexpress.com/economy/marine-exports-up-30-pc-to-nearly-usd-8-bn-in-fy22/2577072/>

India faces heat at WTO over wheat export ban

India's wheat export ban and usage of the peace clause to protect its food programmes against action from trade disputes have come under fire at the World Trade Organisation (WTO). The US, Japan, Canada and Thailand have questioned both these measures and, along with Uruguay, requested consultations with India on the usage of the peace clause for exceeding the 10% ceiling on support it offered to its rice farmers. "They are trying to test the limits of the peace clause as the recent ministerial outcome didn't give any clarity on it and the permanent solution for food stockpiles," an official said.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-faces-heat-at-wto-over-wheat-export-ban/articleshow/92555592.cms>