



August 02, 2022 – Tuesday

Key Developments

Cos with local investment grade ratings eligible for ECB relaxation: RBI

Companies rated investment grade locally can make use of the central bank's relaxed rules on external commercial borrowings, the Reserve Bank of India (RBI) said Monday, giving further regulatory clarity on creditworthiness eligibility for availing of this limited-period offer. The special dispensation will expand the universe of local borrowers seeking to tap the global money hubs for funds. "The enhanced all-in-cost ceiling shall be available only to eligible borrowers of investment grade rating from Indian Credit Rating Agencies (CRAs)," the RBI had said on July 11, when it doubled a local company's borrowing limit to \$1.5 billion via the external commercial borrowing mechanism under the automatic route. "The all-in cost ceiling under the ECB framework is also being raised by 100 basis points, subject to the borrower being of investment grade rating," the RBI said Monday.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/cos-with-local-investment-grade-ratings-eligible-for-ecb-relaxation-rbi/articleshow/93282708.cms>

E-invoicing to be mandatory for businesses with turnover exceeding ₹10 cr from Oct 1

E-invoicing for businesses with aggregate turnover exceeding ₹10 crore will be mandatory from October 1. Presently, e-invoice is compulsory for businesses with an annual turnover of over ₹20 crore. Following the recommendation by the GST Council, Finance Ministry has issued a notification for lowering the threshold. E-invoicing prescribes a standardised format of an invoice that a machine can be read. It is a system in which B2B invoices are authenticated electronically by the Goods & Services Tax Network (GSTN) for further use on the common GST portal.

<https://www.thehindubusinessline.com/economy/policy/e-invoicing-to-be-mandatory-for-businesses-with-turnover-exceeding-10-cr-from-oct-1/article65713335.ece>

Economy

GST revenue in July at 2nd highest since introduction, collection soars 28% on-year to this much

GST collection in July soared 28 per cent on-year to Rs 1.49 lakh crore, becoming the second highest revenue collection since the introduction of the GST regime. During the month, revenues from import of goods were up 48 per cent, and the revenues from domestic transactions (including import of services) were up 22 per cent from revenues from these sources during the same month last year. "For five months in a row now, the monthly GST revenues have been more than Rs 1.4 lakh crore, showing a steady increase every month," the finance ministry said in a statement. Of the total GST collections, Central GST was Rs 25,751 crore, while State GST was Rs 32,807 crore. Integrated GST was Rs 79,518 crore and cess was Rs 10,920 crore. The collections hit a record high of Rs 1.68 lakh crore in April, 2022. The Finance Ministry said that till July 2022, GST revenue has jumped 35 per cent, displaying a very high buoyancy.

<https://www.financialexpress.com/economy/gst-revenue-in-july-at-2nd-highest-since-introduction-collection-soars-28-on-year-to-this-much/2613158/>

'Heat wave also pushed food inflation; expect CPI to come at 6.8% in FY23'

The heat wave in early 2022 was the key domestic factor responsible for pushing up food prices this year, a Crisil Ratings arm said on Monday. Crisil Research pegged the headline consumer price inflation to come at 6.8 per cent in FY23 - marginally higher than the Reserve Bank's 6.7 per cent estimate - because of the pressures on the food front, where the increase in prices has been double that of FY22. The RBI has been blaming the Russian invasion of Ukraine and the consequent surge in commodity prices for a bulk of the surge in inflation, which has consistently breached the upper end of the tolerance band set for it by the government. At present, food commands 39 per cent of the CPI basket. "The recent rise in food inflation is mainly supply shortages-led, driven by both global (geopolitical conflicts) and domestic (impact of heat wave) factors," the Crisil Research note said.

https://www.business-standard.com/article/economy-policy/heat-wave-also-pushed-food-inflation-expect-cpi-to-come-at-6-8-in-fy23-122080101041_1.html

Banking and Finance

Bank credit to micro, small enterprises jump 23% in June against 0.6% contraction year ago: RBI data

Bank credit to micro and small enterprises (MSEs) continued to expand year-on-year (YoY), registering 23.7 per cent growth in June 2022 against a contraction of 0.6 per cent in June 2021, showed latest data by the Reserve Bank of India (RBI) on sectoral deployment of bank credit. The gross bank credit deployed to MSEs in June stood at Rs 14.29 lakh crore vis-a-vis Rs 11.55 lakh crore deployed in June last year and Rs 11.62 lakh crore in June 2020. In May, the credit growth stood at 27 per cent with Rs 14.23 lakh crore deployed to MSEs, up from Rs 11.20 lakh crore in May 2021. Likewise, a 19.7 per cent jump was recorded in April with Rs 14.08 lakh crore deployed to MSEs in comparison to Rs 11.77 lakh crore in April 2021. Banks reported healthy YoY credit growth of 60 per cent to medium enterprises as well with Rs 3.63 lakh crore deployed in June this year from Rs 2.26 lakh crore in June 2021. The growth was higher at 64.8 per cent in May 2022 with Rs 3.57 lakh crore deployed in comparison to Rs 2.16 lakh crore during the year-ago period.

<https://www.financialexpress.com/industry/sme/msme-fin-bank-credit-to-micro-small-enterprises-jump-23-in-june-against-0-6-contraction-year-ago-rbi-data/2613205/>

UPI records 6 billion transactions in July, highest ever since 2016

Unified Payments Interface (UPI) clocked over 6 billion transactions in July: the highest ever by India's flagship digital payments platform since its inception in 2016. UPI reported 6.28 billion transactions amounting to Rs 10.62 trillion, according to data released by the National Payments Corporation of India (NPCI), which operates the platform. Month-on-month, the volume of transactions was up 7.16 per cent and value increased 4.76 per cent. Year-on-year (YoY), the volume of transactions nearly doubled while value of transactions was up 75 per cent. UPI crossed 1 billion transactions for the first time in October 2019, almost three years after its launch. The next billion came in under a year, as in October 2020, UPI processed more than 2 billion transactions. In the next ten months, UPI processed 3 billion transactions. It took only three months for the payment platform to reach 4 billion transactions per month, from 3 billion. And, the incremental one billion transactions were achieved in just six months' time. The next incremental one billion was achieved within six months.

https://www.business-standard.com/article/economy-policy/upi-records-6-billion-transactions-in-july-highest-ever-since-2016-122080100437_1.html

Trading in illiquid scrips: SEBI launches Amnesty Scheme 2.0; eyes more than ₹700-crore collection

After the failure of its first amnesty scheme, which found very few takers, to settle 14,720 cases of manipulative trading in illiquid scrips, SEBI has initiated scheme - 02. SEBI intends to collect approximately over ₹700 crore via the new settlement scheme. Only 1,018 entities had availed the earlier scheme. "The period of SEBI settlement scheme 2022 will commence in August and close on November 21. It will provide an opportunity for settlement to the entities who have executed reversal trades in the stock option segment of the BSE during April 2014 to September 2015, against whom enforcement proceedings are pending," SEBI said in a notice to those involved in the matter. In the scheme-02, SEBI has said that a flat penalty of ₹1 lakh will be imposed on 1-5 alleged manipulative trades, ₹2 lakh for 6-50 trades and ₹5 lakh penalty for 51 or more such trades. The settlement terms of scheme-02 are simpler than the earlier version, experts say.

<https://www.thehindubusinessline.com/markets/trading-in-illiquid-scrips-sebi-launches-amnesty-scheme-20-eyes-more-than-700-crore-collection/article65712206.ece>

GoM weighs scrapping 12% GST slab

A group of ministers, mandated to look at rate rationalisation by the Goods and Services Tax Council, is mulling doing away with the 12% slab while retaining the 18% and 28% slabs. People aware of the development told ET that most of the members of the group were of the view that the 12% slab accounts for about 8% of total GST revenues and can be done away with. "This is one of the options. At present, the 12% slab contributes the least to revenues. It would be easiest to remove it," said one of the persons quoted above. Butter, ghee, fruit juice, almonds, footwear up to ₹1,000, several processed food items, solar water heaters and hotel accommodation priced up to ₹1,000 per day among others fall within the 12% tax bracket.

<https://economictimes.indiatimes.com/news/economy/policy/gom-weighs-scrapping-12-gst-slab/articleshow/93282230.cms>

UBS sees RBI delivering 25-30 bps rate hike this week, and pausing after October

The Reserve Bank will deliver two more rate increases with the first of 25-30 bps later this week, and then pause for data-prints on domestic inflation and the US economy, says a foreign brokerage. The US economy is widely feared to be headed towards a recession this year having already contracted by 0.9 per cent in the June quarter and 1.6 per cent in the previous. If an economy contracts for three consecutive quarters, then it is considered that economy is in recession. On the domestic front, the consensus view is that the economy will continue to face headwinds from multiple fronts — rising current account deficit (CAD), falling balance of payments, high inflation and rupee depreciation which has already plumbed the 80 mark against the greenback. "We expect the central bank to hike the policy repo rate 25-30 bps in the August policy review and another one in October, but the quantum of that increase will depend on the dataprints on the domestic inflation and the shape of the US economy, which is more likely to enter a recession," Tanvee Jain-Gupta, the chief India economist at the Swiss brokerage UBS Securities, told PTI.

<https://www.financialexpress.com/economy/ubs-sees-rbi-delivering-25-30-bps-rate-hike-this-week-and-pausing-after-october/2613717/>

Industry

India's manufacturing activity touches 8-month high in July on new orders: Survey

India's manufacturing sector activity hit the highest level in eight months in July, driven by a significant rise in business orders, a monthly survey said on Monday. The seasonally adjusted S&P Global India Manufacturing Purchasing Managers' Index rose from 53.9 in June to 56.4 in July, reflecting the strongest improvement in the health of the sector in eight months. The July PMI data pointed to an improvement in overall operating conditions for the 13th straight month. In PMI parlance, a print above 50 means expansion while a score below 50 denotes contraction. "The Indian manufacturing industry recorded a welcome combination of faster economic growth and softening inflation during July," Pollyanna De Lima, Economics Associate Director at S&P Global Market Intelligence, said. Further, Lima said that output expanded at the fastest pace since last November, a trend that was matched by the more forward-looking indicator of new orders.

<https://www.financialexpress.com/economy/india-manufacturing-pmi-hits-8-month-high-in-july-on-new-orders/2613082/>

Auto sales show positive trends in July as global chip headwinds ease

Auto sales -- a key barometer of the economy -- showed positive trends in July, signalling that companies have mitigated the production hurdle caused by semiconductor shortage. But industry executives warned that this improvement could be impacted by any hike in interest rates and commodity price inflation. The country's largest carmaker, Maruti Suzuki, recorded sales of 175,916 units in July 2022, an increase of 8.28 per cent over July 2021. Mumbai-based Tata Motors sales showed the sharpest year-on-year (YoY) increase -- a jump of 52 per cent to 81,790 units in July 2022; the figure was 54,119 units in July 2021. While total domestic commercial vehicle sales rose 44 per cent YoY to 31,473 units, sales of passenger vehicles jumped 57 per cent to 47,505 units in July 2022. Hyundai reported sales of 50,500 units in the domestic market (up 5.1 per cent YoY), against 48,042 units a year ago. Its exports came in at 13,351 units, up 9.4 per cent YoY from 12,207 units. Total sales came in at 63,851 units -- 6 per cent higher YoY.

https://www.business-standard.com/article/companies/auto-sales-show-positive-trends-in-july-as-global-chip-headwinds-ease-122080101517_1.html

Cement companies to register lowest operating margins in last 7 years despite volume gains, says Icra

Cement companies are expected to register a 7-8 per cent rise in their volumes in FY23 on strong demand, but operating profit margin may decline due to elevated input costs, rating agency Icra said on Monday. The operating margins will be the lowest in the last seven years for the cement industry, the agency said in a report. In FY23, the volume for the cement industry is expected to grow by 7-8 per cent to around 388 million metric tonne, aided by demand from housing, both rural and urban, and the infrastructure sector. "The demand for rural housing was supported by a robust rabi harvest and better crop realisation. The progress of Kharif sowing amidst a modest hike in MSPs (minimum support prices) of such crops for the upcoming marketing season would determine farm sentiments going forward," it said. In the urban housing segment, factors like growth in employee headcounts and salaries for many IT/ITES companies and demand for better and larger homes on account of the shift to the hybrid working model in customer segments working in IT/ITES, BFSI and related sectors are likely to support the demand going forward.

<https://www.financialexpress.com/industry/cement-companies-to-register-lowest-operating-margins-in-last-7-years-despite-volume-gains-says-icra/2613729/>

Lifestyle & grocery retailers reverse FY21 trend, hire over 180,000 people

The retail sector in India is bouncing back after the slow period of the coronavirus pandemic. In FY22, the listed lifestyle and grocery retail companies in India reversed the trend of FY21 and hired over 1,80,000 employees, according to an Economic Times report. The trend is expected to continue in FY23. "Significant investments are happening in the retail sector. Companies are looking to use this fresh capital to shore up hiring across multiple verticals, with some startups looking to add more physical stores too," Rituparna Chakraborty, executive director of HR firm TeamLease was quoted as saying by ET. FY21 saw widespread layoffs and minimal hiring by the retail brands due to declining sales on the back of lockdowns. The report stated that the total number of employees in eight of the top retailers in India went up 57 per cent to 4,90,000 in FY22. The list includes companies like Reliance Retail, Shoppers Stop, Trent, Raymond, Bata, Titan, Avenue Supermarts, and Page Industries.

https://www.business-standard.com/article/companies/lifestyle-grocery-retailers-reverse-fy21-trend-hire-over-1-80-000-people-122080100874_1.html

Energy

CIL's coal output rises 11 pc in July

State-owned CIL on Monday said that it produced 47.3 million tonnes (MT) of coal last month, registering a growth of 11 per cent from the year-ago period. The production of domestic coal usually dips during monsoon every year due to disruptions in mining activity. The company's output in the corresponding month of previous fiscal was 42.6 million tonnes (MT), the coal behemoth said in a BSE filing. Coal India Ltd (CIL) said it maintained the double-digit rising streak for four consecutive months of the current financial year. Coal India accounts for over 80 per cent of domestic coal production. The public sector enterprise produced 207.1 MT of coal in the first four months of the ongoing fiscal, registering a growth of 24.3 per cent over 166.6 MT in the year-ago period. In the wake of a surge in demand from the power sector, CIL supplied 199.4 MT of coal to this sector in the April-July period of the current fiscal, 19.2 per cent more than 167.3 MT supplied in the year-ago period.

<https://www.financialexpress.com/industry/cils-coal-output-rises-11-pc-in-july/2613589/>

India's petrol, diesel sales fall in July as monsoon sets in: Data

Petrol and diesel sales in the country fell in July over the previous month as the onset of monsoon chipped away demand in some sectors and restricted mobility, preliminary industry data showed. Diesel, the most widely used fuel in the country, saw consumption drop 13.1 per cent to 6.44 million tonnes from 7.39 million tonnes of demand in June. The arrival and intensity of monsoon weigh heavily on diesel demand in the country and consumption traditionally is lower in July-September than in April-June. Rains restrict mobility and demand from the farm sector, which uses diesel in irrigation pumps and trucking, also drops with the onset of rains. Petrol sales fell 5 per cent to 2.66 million tonnes in July when compared to 2.8 million tonnes of consumption in the previous month. The

consumption was, however, 12.2 per cent higher than in July 2021 and 31.2 per cent more than the same month in 2020. It was 16.3 per cent more than pre-COVID July 2019.

https://www.business-standard.com/article/markets/india-s-petrol-diesel-sales-fall-in-july-as-monsoon-sets-in-data-122080100934_1.html

CNG vehicles, households to pay 18% more for gas now

The price of gas that is supplied to CNG vehicles and households has jumped 18% to \$10.5 per mMBtu in monthly revision from Monday. This is three-and-half times that of the rate city gas companies paid for domestic supplies at March-end and nearly six times that of last August. GAIL supplies the gas, a blend of domestic and imported LNG, at a uniform rate to city gas companies, which are expected to pass on the increase to consumers of CNG and piped kitchen fuel. Green Gas Ltd raised CNG rates Monday by ₹5.3 per kg in Lucknow to ₹96.10 per kg. Lower taxes as well as traditionally cheaper domestic natural gas had helped keep CNG rates lower compared to heavily taxed petrol and diesel for years in the country. But rising gas prices are threatening to derail the math: in a year CNG prices have risen 74% in Delhi and 62% in Mumbai and are expected to rise further.

<https://economictimes.indiatimes.com/industry/energy/oil-gas/cng-vehicles-households-to-pay-18-more-for-gas-now/articleshow/93282277.cms>

Telecom

As spectrum auction concludes, telcos commit ₹1.5-lakh crore for 5G

The 2022 spectrum auction concluded on Monday with the government fetching ₹1,50,173 crore from the seven-day long biddings that saw Mukesh Ambani-led Reliance Jio emerging as the highest bidder buying radiowaves worth ₹88,078 crore. While Reliance Jio bought 24,740 MHz of spectrum in the 700 MHz, 800 MHz, 1800 MHz, 2100 MHz, 2500 MHz, 3300 MHz and 26 GHz bands, Sunil Mittal-owned Bharti Airtel emerged the second highest bidder with 19,867 MHz of spectrum across 900 MHz, 1800 MHz, 2100 MHz, 3300 MHz and 26 GHz bands, worth ₹43,084 crore.

<https://www.thehindubusinessline.com/info-tech/as-spectrum-auction-concludes-telcos-commit-15-lakh-crore-for-5g/article65712438.ece>

Users in major cities to get 5G services first, maybe from Oct

Consumers in cities like Delhi, Mumbai, Bengaluru, Chennai and Pune and towns such as Jamnagar are likely to be among the first to be able to access 5G services, as early as in October, as telecom operators begin the initial phase of rolling out services on the next-gen network. Executives from telcos said the three private-sector carriers can launch 5G services in some circles by early October, given that the government has assured to allot airwaves by the middle of August. Operators are expected to start with cities where they have already carried out network tests and trials.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/users-in-major-cities-to-get-5g-services-first-maybe-from-oct/articleshow/93281909.cms>

States

One District, One Product: Railway stations in UP to promote ODOP items under One Station, One Product scheme

Railways stations in Uttar Pradesh will act as promotional hubs under the state government's One Station, One Product (OSOP) scheme to showcase destinations for UP's One District, One Product (ODOP) scheme, The Times of India reported on Monday. Products of respective districts selected under the ODOP scheme will be displayed at the most-visited and primary platform of all the railway stations of the particular district as part of the OSOP initiative. For instance, all the railway stations falling within the Ayodhya district will showcase jaggery, which is the ODOP of Ayodhya. Similarly, stations falling under other districts such as Sultanpur or Prayagraj will feature a variety of exquisite Moonj (a type of wild grass) items. ODOP scheme was launched by Chief Minister Yogi Adityanath to promote indigenous products of 75 districts of the state.

<https://www.financialexpress.com/industry/sme/msme-eodb-one-district-one-product-railway-stations-in-up-to-promote-odop-items-under-one-station-one-product-scheme/2613480/>

Bengal to carve out seven new districts

West Bengal is set to get seven new districts with the cabinet giving its nod to the proposal, Chief Minister Mamata Banerjee said on Monday. The new districts -- Baharampur, Kandi, Sundarbans, Bashirhat, Ichamati, Ranaghat and Bishnupur -- will take the total number to 30. Banerjee said the process of carving out the new districts will be completed in another six months' time. "We have decided to carve out seven more districts in West Bengal. The cabinet okayed the proposal today. We will complete the process within the next six months," she told reporters. "Sundarbans will be carved out of South 24 Parganas. Ichamati and Bashirhat districts will be carved out of North 24 Parganas," she said.

<https://economictimes.indiatimes.com/news/india/bengal-to-carve-out-seven-new-districts/articleshow/93281596.cms>

Healthcare

Task force on Monkeypox set up as India sees 1st death

The central government has constituted a task force in the wake of monkeypox cases in India to monitor and provide guidance on the expansion of diagnostic facilities and to explore vaccination for the infection in the country. This came a day after the country reported the first death of an individual who tested positive for Monkeypox. The decision was taken during a meeting attended by senior officials recently. The team will be headed by V.K. Paul, member (Health), NITI Aayog, and will have senior officials from the health ministry and government, including health secretary Rajesh Bhushan. The National Institute of Virology (NIV) in Pune on Monday confirmed the death of a 22-year-old man from Thrissur in Kerala as the first case of monkeypox fatality in the country.

<https://economictimes.indiatimes.com/news/india/task-force-on-monkeypox-set-up-as-india-sees-1st-death/articleshow/93282448.cms>

External

Govt eases Malonylurea (Barbituric Acid) & salts import policy

The government on Monday eased the policy for import of compounds containing a pyrimidine ring or piperazine ring in the structure : Malonylurea (Barbituric Acid) and its salts. The Directorate General of Foreign Trade (DGFT) has done away with the condition of importing the product after obtaining a No Objection Certificate from Narcotics Commissioner. The product is used in drugs and pharmaceuticals. "Import of Malonylurea (Barbituric Acid) and its salts shall be allowed without NOC from Narcotics Commissioner, Gwalior," DGFT said in a notification.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/govt-eases-malonylurea-barbituric-acid-salts-import-policy/articleshow/93280706.cms>

Surge in natural gas imports by Europe hits India's supplies

It's getting harder for Indian importers to source natural gas from international markets as Europe is drawing away much of the global supply to its shores ahead of winter amid Russian supply cuts. IndianOil's tender for a spot liquefied natural gas (LNG) cargo received no bids recently, according to people familiar with the matter. Even LNG contracted under long-term deals is no longer secure as Russia's Gazprom has suspended supplies to GAIL, they said. This has resulted in GAIL reducing gas supplies to industries, including fertiliser, power and petrochemical plants, the people cited above said. Supplies for use in CNG vehicles and homes are being maintained. But the industrial segments served by city gas companies are getting affected, they said.

<https://economictimes.indiatimes.com/industry/energy/oil-gas/surge-in-natural-gas-imports-by-europe-hits-indias-supplies/articleshow/93283935.cms>

India seeks consultations with UK at WTO on safeguard tariffs on steel

India has sought consultations with the UK at the WTO over the country's proposed extension of safeguard tariffs and quota restrictions on import of certain steel products for two more years, till 2024. New Delhi has said that has substantial interest in the matter. On June 29, UK Trade Secretary Anne-Marie Trevelyan announced that the safeguard measures--tariff increases to check increased imports of particular products that have caused 'serious injury' to domestic producers--on the five steel categories, for which it was due to expire in June, would be extended for a further two years.

<https://www.thehindubusinessline.com/economy/india-seeks-consultations-with-uk-at-wto-on-safeguard-tariffs-on-steel/article65711929.ece>