



August 4, 2022 – Thursday

## Key Developments

### Govt withdraws Data Protection Bill, 2021, will present new legislation

The Centre withdrew the long-awaited Personal Data Protection (PDP) Bill, 2019 to replace it with a new bill with a 'comprehensive framework' and 'contemporary digital privacy laws'. The PDP bill was first introduced in Lok Sabha on December 11, 2019. The bill was referred to Joint Parliamentary Committee, which tabled its report in Lok Sabha on December 16, 2021. The committee proposed a single law for dealing with both personal and non-personal datasets. The report was also under dispute as it suggested moving towards complete localisation of data. "The government will bring a set of new legislation for a comprehensive legal framework for the digital economy," IT Minister Ashwini Vaishnaw, who moved for the withdrawal of the Bill in the House, told PTI.

[https://www.business-standard.com/article/economy-policy/centre-withdraws-personal-data-protection-bill-2019-to-present-new-bill-122080301226\\_1.html](https://www.business-standard.com/article/economy-policy/centre-withdraws-personal-data-protection-bill-2019-to-present-new-bill-122080301226_1.html)

## Economy

### July PMI services growth slips to 4-month low on rising inflation

The S&P Global India Services PMI decreased to 55.5 in July 2022 from 59.2 in June, and below market consensus of 58.5, pointing to the weakest expansion in the sector since March, as weaker sales growth and inflationary pressures restricted the latest upturn in business activity. But the index has been above the 50-mark that separates growth from contraction for a year and July's reading was higher than the long-term average. Moreover, despite sliding from an over 11-year high set in June, the relatively strong reading was underpinned by firm domestic demand.

[https://www.business-standard.com/article/economy-policy/july-pmi-services-growth-slips-to-4-month-low-on-rising-inflation-122080300335\\_1.html](https://www.business-standard.com/article/economy-policy/july-pmi-services-growth-slips-to-4-month-low-on-rising-inflation-122080300335_1.html)

### Retail inflation for July may ease to 5-month low, says Barclays

The headline retail inflation for the month of July is likely to fall to its lowest level in five months owing to declining food prices as well as the lagged effect of a cut in fuel taxes, said Barclays. The bank expects July inflation at 6.65% over a year ago, as compared to 7.01% in June and a near eight-year high of 7.79% in April. India is due to release July inflation data on August 12. "There is more evidence that inflation in India has peaked for now, and it is likely to slow faster than RBI's published trajectory, coming into the target band by October, according to our latest tracking estimate," reported Reuters citing Rahul Bajoria, chief India economist at Barclays.

[https://economictimes.indiatimes.com/news/economy/indicators/retail-inflation-for-july-may-ease-to-5-month-low-says-barclays/articleshow/93323501.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://economictimes.indiatimes.com/news/economy/indicators/retail-inflation-for-july-may-ease-to-5-month-low-says-barclays/articleshow/93323501.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

## Banking and Finance

### MPC meeting begins amid expectations of 3rd consecutive rate hike

The Reserve Bank of India's rate-setting panel on Wednesday began its three-day deliberations on the next bi-monthly monetary policy amid expectations of at least a 35-basis-point hike in the interest rate to check high retail

inflation. It might be the third consecutive hike in the repo rate or short-term lending rate in the last three months. The central bank has already announced to gradually withdraw its accommodative monetary policy stance. [https://economictimes.indiatimes.com/news/economy/policy/mpc-meeting-begins-amid-expectations-of-3rd-consecutive-rate-hike/articleshow/93324362.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://economictimes.indiatimes.com/news/economy/policy/mpc-meeting-begins-amid-expectations-of-3rd-consecutive-rate-hike/articleshow/93324362.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

#### **India's bank liquidity surplus rises after a sharp drop last week**

India's banking system liquidity surplus rose to more than 2 trillion rupees on Wednesday, after dropping to a near three-year low below 500 billion rupees (\$6.34 billion) last week. The surplus rose more than four times to 2.02 trillion rupees, compared with last week, as inflows from the government's month-end spending helped, according to traders. "After the tax outflows there was an acute liquidity crunch with most of the banks, but with month-end inflows coming in, the situation is far better now," a trader with a private bank said. The one-day interbank call money rate was 4.80% at 0640 GMT, compared with the previous close of 4.40%, while the overnight triparty repo dealing system, or TREPS, was at 4.52%, flat from its previous close. "The next set of outflows would be the non-Goods and Services Tax payments that will go out from the system later in the week, but surplus should remain above 1 trillion rupees in the near term," according to a trader with a private bank.

[https://www.business-standard.com/article/economy-policy/india-s-bank-liquidity-surplus-rises-after-a-sharp-drop-last-week-122080300572\\_1.html](https://www.business-standard.com/article/economy-policy/india-s-bank-liquidity-surplus-rises-after-a-sharp-drop-last-week-122080300572_1.html)

#### **All 12 public sector banks go live on account aggregator network**

Following the finance minister's nudge, all the 12 public sector banks have joined the account aggregator (AA) framework, bringing in its fold over a billion accounts. Major private sector banks are already live on the AA ecosystem, which was launched to bolster the lending ecosystem. According to Sahamati, an industry alliance for the AA ecosystem, as many as 22 major private sector and public sector banks (PSBs) have gone live on the framework since its launch in September last year. "1.1 billion accounts, including all major public and private bank accounts, are now live on India's Account Aggregator. A seminal moment for the world's largest open banking ecosystem. This will unleash India's next wave of financial inclusion & fintech innovation," Sahamati said in a tweet.

[https://www.business-standard.com/article/finance/all-12-public-sector-banks-go-live-on-account-aggregator-network-122080301616\\_1.html](https://www.business-standard.com/article/finance/all-12-public-sector-banks-go-live-on-account-aggregator-network-122080301616_1.html)

#### **Irdai moots raising maximum limits of insurance tie-ups for corporate agents**

The Insurance Regulatory and Development Authority of India (Irdai) has proposed to increase the maximum limit of tie-ups with insurers for corporate agents from the existing three for each category of insurance – general, life, and health – to nine for each category. Issuing an 'exposure draft' on insurance intermediaries, the regulator said in order to facilitate "open architecture", which will enable prospects and policyholders to have wider access in purchasing insurance and also to enhance the reach of insurance, the regulations have been reviewed.

<https://www.financialexpress.com/money/insurance/irdai-moots-raising-maximum-limits-of-insurance-tie-ups-for-corporate-agents/2616949/>

#### **CBIC clarifies on GST to be levied on EVs, mangoes, cattle feed**

The Central Board of Indirect Taxes and Customs has issued clarifications on the goods and services tax (GST) levied on a host of goods and services. The indirect tax body through multiple circulars addressed key issues around liquidated damages, penalty on cheque bouncing, delayed payment charges, recovery from employees towards bond payment/forfeiture of salary, etc. It clarified that electric vehicles without batteries would attract 5 per cent GST. Mangoes — except fresh, sliced, and dried — would invite 12 per cent GST. It also clarified that treated sewage water is not purified and hence, would not see any levy.

[https://www.business-standard.com/article/economy-policy/cbic-clarifies-on-gst-to-be-levied-on-evs-mangoes-cattle-feed-122080301889\\_1.html](https://www.business-standard.com/article/economy-policy/cbic-clarifies-on-gst-to-be-levied-on-evs-mangoes-cattle-feed-122080301889_1.html)

### **Industry**

#### **E-comm order volume continues to rise with 69% y-o-y growth in FY22: Report**

The goods and services tax (GST) e-invoicing will be mandatory for firms with a turnover of over Rs 10 crore from October 1, down from the current threshold of Rs 20 crore to further plug leakages and ensure better compliance. The overall e-commerce order volume continues to rise with 69.4 per cent y-o-y growth in FY22, according to data from e-commerce SaaS platform Unicommerce. This growth is driven by the direct-to-consumer (D2C) segment which is estimated to be a \$70 billion opportunity over the next few years.

<https://www.thehindubusinessline.com/economy/e-comm-order-volume-continues-to-rise-with-69-y-o-y-growth-in-fy22-report/article65716844.ece>

#### **Rental housing demand grew 29.4% QoQ and 84.4% YoY in Q2, 2022**

After witnessing a 15.8% quarter-on-quarter (QoQ) jump in the previous quarter owing to the reopening of offices and educational institutes, in Q2 of 2022, the total rental housing demand (searches) across all cities performed even better with a total increase of 29.4% QoQ and 84.4% year-on-year (YoY). The search volumes in Bengaluru, Greater Noida, Hyderabad, and Pune witnessed the highest growth of 54.5%, 42.9%, 42.0%, and 39.6% QoQ, respectively, reveals Magicbricks' India Rental Housing Update. The cumulative supply (listings) witnessed a growth of 3.0% QoQ and 28.1% YoY across the 13 Indian cities mapped. Chennai, Bengaluru, and Hyderabad witnessed the maximum growth of 17.4%, 15.1%, and 9.4%, respectively.

<https://www.financialexpress.com/money/rental-housing-demand-grew-29-4-qoq-and-84-4-yoy-in-q2-2022/2616132/>

#### **Over 22% small businesses availing loans in FY22 were run by women**

Over 22 per cent of small businesses that availed loans in the fiscal year 2022 were run by women, according to the annual Social Impact Report by MSME-focused digital lender NeoGrowth. Based on a survey of 250 NeoGrowth customers in 7 cities, the report noted that loan disbursements to women borrowers have grown exponentially at a compound annual growth rate of 72 per cent since FY 2015, "signifying gender equality".

<https://www.financialexpress.com/industry/sme/fin-neogrowth-report-over-22-small-businesses-availing-loans-in-fy22-were-run-by-women/2616510/>

### **Agriculture**

#### **Centre hikes sugarcane FRP by Rs 15 per quintal for 2022-23 season**

The Cabinet has hiked the fair and remunerative price (FRP) of sugarcane for the 2022-23 season, which starts from October, by Rs 15 per quintal to Rs 305, triggering calls from sugar mills for a commensurate rise in the minimum sale price of sugar to keep their businesses competitive. According to the Sugarcane (Control) Order of 1966, FRP is the minimum price that sugar mills have to pay to sugarcane farmers, while MSP is the minimum sale price of sugar that they get helping them recover their cost of production. Following the Cabinet decision, the FRP of Rs 305 per quintal is linked to a basic recovery rate of 10.25 per cent. Recovery rate is the amount of sugar that sugarcane fetches and higher the quantum of sugar derived from sugarcane, greater the price it fetches in the market.

[https://www.business-standard.com/article/economy-policy/centre-hikes-sugarcane-frp-by-rs-15-per-quintal-for-2022-23-season-122080301679\\_1.html](https://www.business-standard.com/article/economy-policy/centre-hikes-sugarcane-frp-by-rs-15-per-quintal-for-2022-23-season-122080301679_1.html)

#### **India's dry monsoon spell could be the next big worry for world's food supply, global inflation**

Rice could emerge as the next challenge for global food supply as a shortage of rain in parts of India, by far the world's biggest exporter, has caused planting area to shrink to the smallest in about three years. The threat to India's rice production comes at a time when countries are grappling with soaring food costs and rampant inflation. Total rice planted area has declined 13% so far this season due to a lack of rainfall in some areas, including West Bengal and Uttar Pradesh, which account for a quarter of India's output. Traders are worried that a drop in rice production will complicate India's inflation fight and trigger restrictions on exports. Such a move will have far-reaching implications for the billions of people that depend on the staple. India accounts for 40% of global rice trade, and the government has already curbed wheat and sugar exports to safeguard food security and control local prices.

<https://www.financialexpress.com/economy/indias-dry-monsoon-spell-could-be-the-next-big-worry-for-worlds-food-supply-global-inflation/2615641/>

#### **Excess rains weigh on kharif pulses crop even as area gains a tad**

Excess rains in the key producing regions across the country are likely to weigh on this year's kharif pulses such as tur (pigeon pea/arhar) and urad (black matpe or gram), even as the total area under the legume crops is higher than last year.

<https://www.thehindubusinessline.com/economy/agri-business/excess-rains-weigh-on-kharif-pulses-crop-even-as-area-gains-a-tad/article65720443.ece>

## Infrastructure

### Govt plans infrastructure status for SEZs; move to ease financing norms

The government plans to facilitate easier financing norms to activities pertaining to the manufacturing and services hubs envisaged under the proposed revamped law for Special Economic Zones (SEZs), also known as Development (Enterprise and Services) Hub Bill, 2022. This will be done by giving them infrastructure status, at par with sectors such as road, rail waterways, airports, to improve access to finance and enable long-term borrowing from lenders at easier terms. The government hopes to pass the DESH Bill in the ongoing monsoon session. Once the Bill is passed, the commerce ministry, in consultation with the finance ministry's department of economic affairs will work closely towards finalising the rules and will be dovetailed into the existing masterlist of infrastructure sub-sector, people aware of the matter told Business Standard.

[https://www.business-standard.com/article/economy-policy/govt-plans-infrastructure-status-for-sezs-move-to-ease-financing-norms-122080301575\\_1.html](https://www.business-standard.com/article/economy-policy/govt-plans-infrastructure-status-for-sezs-move-to-ease-financing-norms-122080301575_1.html)

## Energy

### Amended Energy Conservation Bill seeks to build carbon credit market

In line with the climate commitments made by India at the 26th session of the Conference of the Parties, more commonly referred to as COP26, the Centre has introduced amendments to its the Energy Conservation Act, 2001, to meet the targets embracing green fuels, industrial energy efficiency, and build the country's own carbon credit market. The Energy Conservation (Amendment) Bill, 2022, text said the amendments have been proposed in the context of energy transition being planned by India with focus on promotion of renewable energy and the National Green Hydrogen Mission. It said the Bill will also facilitate the accomplishment of the five targets announced by Prime Minister Narendra Modi at COP26 in Glasgow in 2021. Tabled in the Lok Sabha on Wednesday, the Bill proposes mandatory threshold for consumption of green fuels such as green hydrogen, green ammonia, and biomass in all industries.

[https://www.business-standard.com/article/economy-policy/amended-energy-conservation-bill-seeks-to-build-carbon-credit-market-122080301614\\_1.html](https://www.business-standard.com/article/economy-policy/amended-energy-conservation-bill-seeks-to-build-carbon-credit-market-122080301614_1.html)

### Climate change: Centre okays India's updated NCDs

The Cabinet has approved India's updated Nationally Determined Contributions (NDCs), in which it targets achieving about 50 per cent of cumulative power installed capacity from non-fossil fuel-based energy resources by 2030. The update will be formally conveyed to the UN Framework Convention on Climate Change (UNFCCC).

<https://www.thehindubusinessline.com/economy/climate-change-centre-okays-indias-updated-ncds/article65721575.ece>

## Telecom

### India likely to be among top three global markets for 5G

Global telecom gear makers say that they expect India to account for about 15 per cent of the worldwide market for the 3.5 GHz-based 5G radio and network. The vendors are assuming that the telcos will be able to provide 5G coverage to over 50 per cent of the geographical area of the country in the next two years.

[https://www.business-standard.com/article/economy-policy/india-to-account-for-15-of-global-market-for-5g-telecom-gear-122080301581\\_1.html](https://www.business-standard.com/article/economy-policy/india-to-account-for-15-of-global-market-for-5g-telecom-gear-122080301581_1.html)

## States

### **SC asks GST Council to issue advisory to states to implement system of electronic generation of DIN**

The Supreme Court has directed the GST Council to issue advisory to states for implementation of the system of electronic generation of Document Identification Number (DIN) in indirect tax administration, saying it will bring in transparency and accountability vital to efficient governance. A DIN is a 20-digit identification code that is affixed to every communication sent to taxpayers by the government. The apex court said it cannot be disputed that implementing the system for electronic (digital) generation of DIN for all communications sent by state tax officers to taxpayers and others concerned would be in the larger public interest and enhance good governance.

<https://www.financialexpress.com/economy/sc-asks-gst-council-to-issue-advisory-to-states-to-implement-system-of-electronic-generation-of-din/2616568/>

### **External**

### **India's July soyoil imports jump to record on duty free buying-dealers**

India's soyoil imports in July more than doubled from a month ago to a record high as refiners ramped up purchases to take advantage of New Delhi's move to allow duty free imports of the vegetable oil to calm all-time high prices, five dealers said. Higher soyoil purchases by the world's biggest edible oil importer will support U.S. soyoil prices, but will dent rival palm oil's share in Indian buying and force Malaysian and Indonesian sellers to offer discounts to regain the market share, trading sources said. The country's soyoil imports in July jumped 113% from a month ago to a record 493,000 tonnes, according to the average estimate from five dealers with global trading firms that account for more than 80% of India's soyoil imports.

[https://www.business-standard.com/article/markets/india-s-july-soyoil-imports-jump-to-record-on-duty-free-buying-dealers-122080300983\\_1.html](https://www.business-standard.com/article/markets/india-s-july-soyoil-imports-jump-to-record-on-duty-free-buying-dealers-122080300983_1.html)

### **India's FDI to GDP ratio eased to 2.7% in fiscal 2022**

India's foreign direct investment to gross domestic product ratio eased to 2.7% in fiscal year ending March. 31, 2022 from 3.1% in the previous financial year, according to government data. The FDI to GDP ratio, which is a metric that compares a country's fund inflows as compared to its gross domestic product, was at 2.3% in fiscal 2018, Minister of Commerce and Industry Som Parkash informed the Lok Sabha, citing government data. "FDI inflows into a country depends on a host of factors such as availability of natural resources, market size, infrastructure, political and general investment climate as well as the macro-economic stability and investment decision of foreign investors," he said.

[https://economictimes.indiatimes.com/news/economy/indicators/indias-fdi-to-gdp-ratio-eased-to-2-7-in-fiscal-2022/articleshow/93319820.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://economictimes.indiatimes.com/news/economy/indicators/indias-fdi-to-gdp-ratio-eased-to-2-7-in-fiscal-2022/articleshow/93319820.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

### **India's trade deficit likely to remain above \$20 billion: Barclays**

India's trade deficit is likely to remain above \$20 billion for an extended period, posing the risk of a wider current account deficit, Barclays said. "While we still expect the trade deficit to hit US\$265 billion, the risks are skewed towards an even larger deficit, which poses risks to our forecast for the current account deficit to widen from the present \$115 billion for FY22-23," Rahul Bajoria, chief India economist at Barclays said in a note. India's July trade deficit widened to record high of \$31.02 billion, up from \$10.63 billion a year earlier and higher than \$25.64 billion in June, data showed. Barclays also pointed to how the Reserve Bank of India, having spent more than \$60 billion to defend the rupee, has reduced the import cover from currency reserves. "When sentiment turns, we think the RBI's reserves are likely to recover, meaning heavy intervention on the other side and limited scope for swift rupee appreciation," the economist said.

[https://www.business-standard.com/article/economy-policy/india-s-trade-deficit-likely-to-remain-above-20-billion-barclays-122080300333\\_1.html](https://www.business-standard.com/article/economy-policy/india-s-trade-deficit-likely-to-remain-above-20-billion-barclays-122080300333_1.html)

### **India expects \$8-\$9 billion in trade with Russia and Sri Lanka in two months**

India expects bilateral trade worth \$8-9 billion with Russia and Sri Lanka in the next two months after it allowed international trade in rupees, India's trade secretary said. The Reserve Bank of India last month allowed importers and exporters to pay in the partially convertible rupee, a move widely seen as making trade with Russia and South Asian neighbours easier instead of relying on dollars.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-expects-8-9-billion-in-trade-with-russia-and-sri-lanka-in-two-months/articleshow/93334311.cms>