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Economy

India should gradually withdraw fiscal, monetary stimulus, says IMF

To maintain external sector balance at a comfortable level over the medium term, the International Monetary Fund (IMF) has recommended that India should gradually withdraw its fiscal and monetary policy stimulus, develop export infrastructure, and negotiate free-trade agreements with key trading partners to provide a sustainable boost to exports. In its latest External Sector Report released on Thursday, IMF said India should further liberalise its investment regime accompanying it with reduction in tariffs, especially on intermediate goods. "Structural reforms could deepen integration in global value chains and attract FDI, hence mitigating external vulnerabilities. Exchange rate flexibility should act as the main shock absorber, with intervention limited to addressing disorderly market conditions," IMF said. The IMF said India's external position in FY22 was broadly in line with the level implied by medium-term fundamentals and desirable policies. "Running current account deficits is broadly consistent with India's level of per capita income, favourable growth prospects, demographic trends, and development needs. External vulnerabilities stem from volatile global financial conditions and significant increases in commodity prices," it said.

https://www.business-standard.com/article/economy-policy/india-should-gradually-withdraw-fiscal-monetary-stimulus-says-imf-122080401075_1.html

FASTag collection on NHs at ₹33,274 crore in FY22

The increasing penetration of FASTag on national highways (NHs) in the country has resulted in more transparency in collecting user fee, with collection through FASTag on fee plazas of National Highways Authority of India (NHAI) hitting ₹33,274 crore in FY22, Parliament was informed on Thursday. "Post declaration of all lanes of fee plazas on NHs as FASTag Lane with effect from the midnight of February 15-16, 2021, transparency in user fee collection has improved," Road Transport and Highways Minister Nitin Gadkari said in a written response to a query in Lok Sabha.

<https://www.thehindubusinessline.com/companies/fastag-collection-on-nhs-at-33274-crore-in-fy22/article65726546.ece>

India's FY23 fiscal deficit may come around 6.5%: SBI Ecowrap

The report by the SBI Research Ecowrap said that India's fiscal deficit in the current financial year is expected to come around 6.5 per cent, as against the budget estimate of 6.4 per cent. "Furthermore, higher nominal GDP will provide a cushion, thereby fiscal deficit is likely to come around 6.5 per cent of GDP (Budgeted: 6.4 per cent of GDP)," the report said. Fiscal deficit for Q1 FY23 has reached 21.2 per cent of the annual target compared to 18.2 per cent in Q1 FY22. Tax revenue has been robust with record high GST revenues which have been possible because of increased compliance and higher economic activity.

<https://economictimes.indiatimes.com/news/economy/indicators/indias-fy23-fiscal-deficit-may-come-around-6-5-sbi-ecowrap/articleshow/93352467.cms>

Banking and Finance

Premature redemption under Gold Monetisation Scheme payable only in rupees: RBI

The Reserve Bank on Thursday said premature redemption under the Gold Monetisation Scheme will be payable in rupees, while on maturity the depositor may choose to opt for physical gold. The Gold Monetisation Scheme (GMS) was launched in November 2015 with an aim to mobilise gold held by households and institutions and facilitate its use for productive purposes, and in the long run, reduce the country's reliance on imports of the yellow metal. "The redemption of principal at maturity shall, at the option of the depositor, be either in Indian Rupee equivalent of the value of deposited gold at the time of redemption, or in gold," said an RBI circular modifying the scheme. However, any premature redemption of Medium and Long Term Government Deposit (MLTGD) would be only in Indian rupee, it added.

<https://economictimes.indiatimes.com/news/economy/policy/premature-redemption-under-gold-monetisation-scheme-payable-only-in-rupees-rbi/articleshow/93354005.cms>

ECLGS: 1.19 crore MSMEs, other businesses benefitted till June 2022; Rs 3.48 lakh cr loans sanctioned

The Modi government's post-Covid flagship credit scheme for MSMEs Emergency Credit Line Guarantee Scheme (ECLGS) has benefitted around 1.19 crore businesses as of June 30, 2022. Launched in May 2020, the scheme has sanctioned collateral-free loans amounting to Rs 3.48 lakh crore till June end. Sharing the data from the Department of Financial Services in the Lok Sabha on Thursday in a written reply to a question, Minister of State for MSMEs Bhanu Pratap Singh Verma noted that out of the total ECLGS beneficiary count, 1.13 crore were MSMEs (95 per cent) while the amount sanctioned to MSMEs stood at Rs 2.32 lakh crore (66 per cent) out of the total sanctioned. The scheme saw 95.41 lakh beneficiaries during its launch year (May 2020-March 2021), indicating the number of MSMEs impacted due to the pandemic in comparison to 23 lakh beneficiaries during FY22, according to data shared by Minister of State for Finance Bhagwat Karad in the Lok Sabha last month.

<https://www.financialexpress.com/industry/sme/msme-fin-eclgs-1-19-crore-msmes-other-businesses-benefitted-till-june-2022-rs-348-lakh-cr-loans-sanctioned/2617695/>

Lack of clarity on GST paid on liquidated damages may lead to litigation

The government has clarified the applicability of the goods and services tax (GST) on various items, but its silence on the tax paid on liquidated damages in the past could lead to litigations. For transactions conducted from July 1, the Central Board of Indirect Taxes and Customs (CBIC) has clarified that there will be no GST on liquidated damages — these are payments made by a supplier of goods or services to the receiver in case of breach of contract or delay in executing a contract. Earlier, it was a stated position that the liquidated damages paid to the government are exempt from GST. But there was no clarity on liquidated damages paid to private parties. As such, many players paid GST at the rate of 18 per cent on liquidated damages paid by the supplier. On that, they received refunds or the other party got input tax credit, depending on the nature of the supply. There is fear now that such entities may be asked to reverse their input tax credit (ITC) or pay back refunds, says Saurabh Agarwal, tax partner at EY.

https://www.business-standard.com/article/economy-policy/lack-of-clarity-on-gst-paid-on-liquidated-damages-may-lead-to-litigation-122080400713_1.html

PFRDA discontinues credit card payment facility in Tier-II NPS Account

The pension regulator PFRDA has discontinued the facility of credit card payments in Tier-II NPS Account. A PFRDA official said that the latest move was intended to curb the misuse of credit cards by NPS subscribers in operation of Tier-II NPS account. "The Authority has decided to stop the facility of payment of subscriptions/contributions using credit card as a mode of payment in the Tier-II account of NPS. Accordingly, all Points of Presence (PoPs) are advised to stop the acceptance of credit card as a mode of payment for the Tier-II account of NPS with immediate effect," a PFRDA circular issued on Wednesday said.

<https://www.thehindubusinessline.com/markets/pfrda-discontinues-credit-card-payment-facility-in-tier-ii-nps-account/article65726651.ece>

Industry

July vehicle registrations fall 8% as rains, inflation hurt demand: FADA

Vehicle registrations in July dipped 8 per cent year-on-year as heavy rains in parts of the country dissuaded new purchases, said the Federation of Automobile Dealers Associations (FADA) on Thursday. July is a lean month before the festival season in August. Compared to July 2019, the overall fall this time was a sharp 20 per cent, the dealer

body said. Total registrations (in all segments of vehicles) in July dropped to 14,36,927 units compared to 15,59,106 units in the corresponding month last year. Overall volumes in July were dragged down by two-wheelers, which fell 11 per cent year-on-year to 10,09,574 units due to poor demand in rural India. Sales in urban markets suffered as inflation, erratic monsoon and high cost of ownership discouraged those at the bottom of the pyramid. "The PV [passenger vehicle] segment is witnessing a dream run as retail sales are already higher than 2019," said Vinkesh Gulati, president of FADA, in a statement.

https://www.business-standard.com/article/companies/july-vehicle-registrations-fall-8-as-rains-inflation-hurt-demand-fada-122080400551_1.html

Carmakers see bumper sales this festive season

It is expected to be a bumper festive season for the Indian passenger vehicle market. About 1.3 million people are likely to drive home their dream cars during the August-November period - which accounts for the key festivities - generating a turnover of more than ₹1 lakh crore for the industry, according to industry estimates. That will be 20% higher than a year earlier and about 13% more than the previous festive-season peak, recorded in 2017. In the past 10 years, on an average, automakers in India dispatched about a million cars and SUVs in the August to November period, accounting for about 35% of annual sales. In 2017, they sent some 1.15 million vehicles to their dealerships.

<https://economictimes.indiatimes.com/industry/auto/auto-news/carmakers-see-bumper-sales-this-festive-season/articleshow/93356299.cms>

EV registrations hit a monthly high in July

July proved to be an exciting month for battery-powered vehicles as their sales accelerated and reached the highest-ever monthly figure after a bounce back in June. Total registered electric vehicle volumes reported a 7 per cent increase as compared to volumes of June 2022, driven by electric two-wheeler and three-wheeler segments. As compared to July 2021, EV registrations grew 196 per cent. Total electric vehicle registrations (all segments included) in July 2022 stood at 77,474 units against 72,528 units in June 2022 and 26,191 units in July 2021. The previous monthly highest registrations were in March 2022 at 77,254 units, according to data on Vahan Dashboard.

<https://www.thehindubusinessline.com/economy/ev-registrations-hit-a-monthly-high-in-july-on-acceleration-in-sales/article65726450.ece>

FMCG sales value dips for 3rd month in July as prices weigh

India's fast-moving consumer goods (FMCG) market fell 8% in value while sales of electronic goods such as air-conditioners and refrigerators were flat in July from June, indicating higher prices continue to weigh on demand. This is the third consecutive decline for FMCG sequentially while the fall in sales of consumer electronics has virtually come to a halt, according to the latest report by Bizom and industry estimates. However, sales of groceries rose 5% compared to a year ago. Companies said they have started to see green shoots of demand and expect steady recovery in the current quarter, especially in staples.

<https://economictimes.indiatimes.com/industry/cons-products/fmcf/fmcf-sales-value-dips-for-3rd-month-in-july-as-prices-weigh/articleshow/93356092.cms>

Steel-makers ask Centre to relax chrome ore export norms, waive off duty on steam coal imports

Two major steel-makers have written to the Centre seeking assistance on various issues, including removal of chrome ore exports from the canalised list and waiver of import duty on steam coal, a steel-making raw material. While Tata Steel sought removal of chrome ore from the canalised list of export items, ArcelorMittal Nippon Steel (AM/NS) India wanted inclusion of steam coal in coal categories where import duty was waived-off. "Canalisation" of export means export only through the agencies designated by the Central Government. Currently there is nil customs duty for anthracite, pulverised coal and coking coal. Tata Steel has addressed the letter, written in June, to the Union Ministry of Commerce with the latter seeking opinion of the Ministry of Mines and forwarding a copy of the same to the Ministry of Steel in July.

<https://www.thehindubusinessline.com/economy/steel-makers-ask-centre-to-relax-chrome-ore-export-norms-waive-off-duty-on-steam-coal-imports/article65726478.ece>

Govt looks to table data bill soon, draft at advanced stage

The timeline for public consultations on the new data bill may be announced by the end of August as the ministry of electronics and IT (MeitY) is at an “advanced stage with the draft of the comprehensive framework,” a senior official told ET. The government withdrew the previous version of the bill on Wednesday. The Centre is looking at three aspects that will constitute the new legislation—the national data governance framework, the new data protection bill and the new IT Act. One of the officials said that while one of the three aspects—the national data governance framework, which deals with regulating non-personal data—is almost ready with public consultation completed on its draft, the other two are now left to be finalised.

<https://economictimes.indiatimes.com/tech/technology/govt-looks-to-table-data-bill-soon-draft-at-advanced-stage/articleshow/93355126.cms>

New framework should consider learnings from global implementation of data privacy laws: Nasscom

IT industry body Nasscom on Thursday suggested that the new framework for personal data protection should consider learnings from global implementation of data privacy laws and stakeholder views on the earlier bill. The comments of the apex software association comes as the government on Wednesday withdrew the Personal Data Protection Bill from the Lok Sabha. The Bill, mooted four years back, had rattled global big-tech companies over its stringent provisions related to cross-border data flows. Nasscom said the key imperatives now will be to operationalise the fundamental right of privacy and enable data protection in a manner that grows trust in data-driven businesses. It should allow data-led services to grow in a safe and trusted manner, the apex software association said. “Data is the bedrock for Digital India and the new framework for Personal Data Protection can build on the learnings from global implementation of data privacy laws and stakeholder feedback on the earlier bill,” Nasscom said. India’s ‘Techade’ is being shaped by accelerated digitisation and policy measures that enable access and inclusion, it added.

<https://www.financialexpress.com/industry/technology/new-framework-should-consider-learnings-from-global-implementation-of-data-privacy-laws-nasscom/2617453/>

5G smartphone sales may exceed 4G next year, say analysts

Commercial availability of 5G networks will be an inflection point for 5G smartphone sales, with device shipments expected to surpass 4G shipments in 2023, according to market trackers and industry executives. They also expect 5G smartphones to be in heavy demand during the festive season sales. “With the 5G auction now complete and the government’s efforts to ensure its roll out by the end of the year, we expect the consumer demand for a well-rounded smartphone equipped with 5G to only increase,” said newly-appointed Xiaomi India president Murlikrishnan B, adding that users are looking forward to high download/upload speeds and low latency experience.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/5g-smartphone-sales-may-exceed-4g-next-year-say-analysts/articleshow/93356449.cms>

Agriculture

Govt mulling various steps to rein in wheat prices

Taking a serious view of the 10 per cent surge in wheat prices since June-end, the Centre is considering various measures to bring down the prices—from releasing the cereal under the open market sale scheme (OMSS) for user industries to lowering the import duty to zero. In a meeting with representatives of the Roller Flour Mills Federation of India (RFMFI), Food Ministry officials said the Centre is closely monitoring the availability of wheat for consumers and user industries, besides keeping an eye on its price movements.

<https://www.thehindubusinessline.com/economy/agri-business/india-mulling-various-measures-to-rein-in-surg-ing-domestic-wheat-prices/article65726460.ece>

Infrastructure

Post-tender changes to NHAI pacts benefited road builders: CAG

The Comptroller and Auditor General (CAG) of India has flagged undue benefit to road builders through post-tender amendments to agreements signed with the National Highways Authority of India (NHAI). The auditor said the NHAI granted deferment of premium amounting to ₹9,296.25 crore for eight years to 14 years for 20 projects till October 2019. This deferment was on the basis of a scheme formulated by the NHAI after it assessed a revenue loss of

₹98,115 crore to the exchequer if the projects were terminated. "The scheme was formulated on the basis of flawed presumptions," said the CAG. It said the premium payable by the concessionaire was laid down in a legal contract drawn up after an open bidding process, in which premium offered was the one and only parameter in deciding upon the financial bids (request for proposal).

<https://economictimes.indiatimes.com/news/economy/infrastructure/post-tender-changes-to-nhai-pacts-benefited-road-builders-cag/articleshow/93356065.cms>

Energy

Power Ministry proposes market trading segment for high cost power

The Power Ministry has proposed a new segment at power exchanges—High Price Market Segment—which will allow electricity producers and sellers with production cost of more than ₹12 per unit to participate in the market. It will allow gas-based power plants and imported coal-based (ICB) power plants with production cost of over ₹12 per unit to sell electricity in the market. As of June 2022, India's gas-based installed power capacity is 24,856 megawatts (MW), while ICBs have 17,255 MW capacity. The Ministry has asked for responses from the Central Electricity Regulatory Commission (CERC), Central Electricity Authority (CEA), power exchanges and other stakeholders on introducing the High Price Market Segment for Day Ahead Market (HP-DAM). The last date for submitting responses is August 21, 2022.

<https://www.thehindubusinessline.com/companies/power-ministry-proposes-market-trading-segment-for-high-cost-power/article65727355.ece>

India keeps renewables target flexible, goal of 500 GW green energy by 2030 dropped

India dropped its target of establishing 500 GW of renewable energy capacity by 2030, giving itself the flexibility of 50% power from non-fossil fuel sources by then in its commitments to the United Nations Framework Convention on Climate Change (UNFCCC). This keeps India's options open for new coal-based power plants in the projected 820 GW total capacity, if excess demand cannot be met from green fuels, sources told ET. The Cabinet on Wednesday approved India's updated Nationally Determined Contribution (NDC) to be communicated to the UNFCCC. The updated NDC proposes about 50% cumulative electric power installed capacity from non-fossil fuel-based energy resources by 2030, dropping the 500 GW absolute target committed at COP26. It also did not include the commitment to reduce one billion tonnes of carbon emission by 2030.

<https://economictimes.indiatimes.com/industry/renewables/india-keeps-renewables-target-flexible-goal-of-500-gw-green-energy-by-2030-dropped/articleshow/93357477.cms>

States

New plan to expand transportation to improve last mile connectivity in Delhi

With an aim to further improve public transportation in the national capital, Delhi Chief Minister Arvind Kejriwal on August 3, 2022, held a high-level meeting to expand bus connectivity through route rationalisation. According to PTI, among the steps that are part of the Delhi government's bus route rationalisation plan include – providing buses in remote areas, reducing wait time for buses to five minutes, and feeder buses for last mile connectivity. Among those who were present at the meeting included Transport Minister Kailash Gahlot and other senior officials of the state government. During the meeting, the transport ministry presented a roadmap for the Route Rationalisation Study to the chief minister. The presentation suggested how bus services could be extended to uncovered areas of Delhi and also how residents of the national capital can travel from one part of the city to another in a cheaper, cost and time-effective manner.

<https://www.financialexpress.com/infrastructure/roadways/new-plan-to-expand-transportation-to-improve-last-mile-connectivity-in-delhi/2617490/>

External

Centre considers continuing EPCG scheme for exporters in new foreign trade policy

In what could spell relief for exporters, the Centre is "strongly considering" the extension of the popular Export Promotion Capital Goods (EPCG) scheme, that allows duty-free imports of certain capital goods subject to a specific

export obligation, in the new foreign trade policy (FTP) likely to be implemented from September 1, 2022. "The government carried out a review of the EPCG scheme, which was found to be in violation of global trade norms by the WTO, and weighed in factors like the benefits accruing to exporters from the scheme and the costs involved. A consensus seems to be emerging on continuation of the scheme in the forthcoming FTP and it is strongly under consideration," a person tracking the matter told BusinessLine.

<https://www.thehindubusinessline.com/economy/centre-considers-continuing-epcg-scheme-for-exporters-in-new-foreign-trade-policy/article65727050.ece>

India seeks wider authority over global M&A with antitrust law

India plans to overhaul its competition law so that global technology companies will have to seek the country's antitrust approval for many overseas mergers and acquisitions, an ambitious move by Prime Minister Narendra Modi's government to gain the kind of influence over Big Tech that Europe and China have. All deals where the transaction value exceeds 20 billion rupees (\$252 million) would require permission of India's antitrust regulator if the firms have "substantial business operations in India," according to a draft bill seen by Bloomberg News. The bill could be presented to parliament as early as Friday, according to a person with knowledge of the matter who confirmed the document's contents. The government will bring in rules defining "substantial business operations" once the amendments are approved, the person added, asking not to be identified discussing private details. A spokesperson for the corporate affairs ministry did not respond to calls seeking comment.

https://economictimes.indiatimes.com/news/economy/policy/india-seeks-wider-authority-over-global-ma-with-antitrust-law/articleshow/93353358.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst