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Economy

No chance of slowing, India to be fastest growing economy this year: Report

Rising inflation rates notwithstanding, India will be the fastest growing economy in the world this year, a top government source said on Thursday. While inflation continues to be above the comfort zone, the economy has continued on its recovery path, supported by pent-up demand for services and higher industrial output. The government, the source said, is taking continuous steps and engaging with the RBI to bring down inflation. Inflation has stayed above the upper tolerance limit of 6 per cent for six straight months. There is no chance of growth slowing and India will be the fastest growing economy this year and the next, the source added. On swelling trade deficit, the source said the current account deficit (CAD) should steady going forward. The government is continuously monitoring borrowing cost, the source said.

https://www.business-standard.com/article/economy-policy/no-chance-of-slowng-india-to-be-fastest-growing-economy-this-year-report-122081100963_1.html

Competition Bill will facilitate ease of doing business, says CCI Chairperson Ashok Kumar Gupta

Centre had on August 5 introduced the Competition (Amendment) Bill, 2022 in Lok Sabha to amend the Competition Act, 2002. Competition Commission of India (CCI) Chairperson Ashok Kumar Gupta spoke to BusinessLine on wide range of issues around the Bill providing regulatory perspective on the proposed amendments and their underlying rationale.

<https://www.thehindubusinessline.com/economy/competition-bill-will-facilitate-ease-of-doing-business-says-cci-chairperson-ashok-kumar-gupta/article65758558.ece>

Banking and Finance

Income taxpayers can't join Atal Pension Yojana from Oct 1: Govt

The Centre will bar income taxpayers from availing themselves of the Atal Pension Yojana (APY) from October 1 this year to ensure that the scheme's benefits reach the poor and underprivileged. Atal Pension Yojana, launched in 2015, is a social security scheme for citizens aged 18 to 40. Subscribers, based on their contributions, get a guaranteed monthly pension of Rs 1,000 to Rs 5,000 per on turning 60. Subscribers who join the scheme on or after October 1 and are income taxpayers will have their APY accounts closed. The accumulated pension wealth would be given to subscribers, the Centre said. As the scheme has an element of subsidy or commitment to pay a subsidy, the view is that it should benefit the poor and underprivileged, said a government official. The idea is to discourage those who can afford a pension plan from availing of the scheme. As the government guarantees assured returns through the scheme, a low-interest rate regime in future may increase its burden for gap funding, he said.

https://www.business-standard.com/article/economy-policy/income-taxpayers-can-t-join-atal-pension-yojana-from-oct-1-govt-122081100711_1.html

Lower bad loans push PSU banks' profitability in June quarter: Analysis

Public sector banks have raked in more profits in the three months ended June on the back of a persistent decline in bad loans and the trend may have a positive bearing on their balance sheets in the coming quarters. In the June

quarter, Bank of Maharashtra (BoM) and State Bank of India (SBI) were in the lowest quartile as far as Gross Non Performing Assets (NPAs) and net NPAs were concerned, according to an analysis of the quarterly financial numbers published by the public sector lenders. Cumulatively, all the 12 public sector banks reported a profit of about Rs 15,306 crore in the three months ended June, registering an annual growth of 9.2 per cent. However, leading public sector lenders -- SBI and PNB -- posted lower profits in the June quarter. During the April-June period of the previous fiscal, state-owned banks recorded a total profit of Rs 14,013 crore.

https://www.business-standard.com/article/finance/lower-bad-loans-push-psu-banks-profitability-in-june-quarter-analysis-122081100761_1.html

FinMin believes concerns over inflation, current account deficit waned in last three months

Concerns over high inflation and current account deficit (CAD) have abated, a top government official said on Thursday, while also ruling out a rethink on GST compensation payout to States. The analysis was shared at a time when retail inflation based on Consumer Price Index (CPI) has hovered around 7 per cent till June. The number for July will be made public on Friday. Though it is expected to come in below 7, it is still likely to be over 6.5 per cent — the upper band of targeted inflation range of 4 per cent with a swing of 2 per cent in each direction. Meanwhile, trade deficit for June revised upwards, which is why the presumption is that the CAD will be in the range of 3-3.7 per cent of GDP.

<https://www.thehindubusinessline.com/economy/finmin-believes-concerns-over-inflation-current-account-deficit-waned-in-last-three-months/article65758320.ece>

Industry

Automated mechanism to capture domestic value addition data of approved PLI-Auto applicants: Govt

The Ministry of Heavy Industries on Thursday launched an automated mechanism for capturing data related to domestic value addition by approved applicants under the Production Linked Incentive (PLI) scheme for the automotive sector. The PLI-Auto scheme proposes financial incentives to boost domestic manufacturing of Advanced Automotive Technology (AAT) products and attract investments in the automotive manufacturing value chain. The government has launched the Automobile and Auto Component Industry in India (PLI-Auto) scheme with a budgetary outlay of Rs 25,938 crore. Pre-approved eligible products with minimum 50 per cent domestic value addition will be eligible for incentives under the scheme. According to an official statement, the automated mechanism will enable online transfer of domestic value addition data from the PLI applicant's ERP (Enterprise Resource Planning) system to PLI Auto Portal.

<https://economictimes.indiatimes.com/industry/auto/auto-news/automated-mechanism-to-capture-domestic-value-addition-data-of-approved-pli-auto-applicants-govt/articleshow/93503490.cms>

Small cities turn out to be big market for several retailers

Small towns, or tier 2 and 3 markets, are growing faster than the larger metros across diverse categories such as packaged foods, beauty, personal care and quick service restaurant chains, executives said. Manan Jain, chief growth officer at personal care and beauty products direct-to-consumer company Good Glamm Group, said tier 2 and tier 3 cities are currently growing at 50% higher compared to tier 1 cities. "Tier 2 and tier 3 cities used to do 28-35% of our revenue till last year. This year, we are running at 45% contribution from the same cohort," Jain said. Executives said small towns are either growing faster than the metros, or are contributing equally to growth. This is across sales of both direct-to-consumer (D2C) brands, which retail online only, and mainstream retail brands. Packaged foods company Nestle's chairman Suresh Narayanan said in its second quarter earnings call: "In the April-June 2022 quarter, class one towns (with less than 1 million population) grew in double digit; these semi-urban markets were getting ready for growth because small town aspirations and availability had to match. That is bearing fruit for us now."

<https://economictimes.indiatimes.com/industry/services/retail/small-cities-turn-out-to-be-big-market-for-several-retailers/articleshow/93508413.cms>

Steel cos pay higher royalty on iron ore even as prices dip

The delay in fixing the average selling price of iron ore by the Indian Bureau of Mines has put steel companies in a spot as they have to pay higher royalty even as iron ore prices are on a downtrend. IBM announces average selling

price of iron ore every month after taking into account the selling price of merchant miners. Captive miners including Tata Steel and JSW Steel have to pay royalty of 15 per cent on the average price to the governments. Royalty is the payment of tax to the Government for the privilege granted for extraction and processing of minerals.

<https://www.thehindubusinessline.com/economy/steel-cos-pay-higher-royalty-on-iron-ore-even-as-prices-dip/article65757963.ece>

As valuation dips, India has 5 fewer unicorns now

There were a large number of unicorns or start-up companies valued at \$1 billion created during the pandemic. But the slowdown in the start-up ecosystem could be impacting these show-stoppers. Five start-ups — PayTM Mall, Snapdeal, Hike, Shopclues and Quikr -are no longer unicorns, with their valuation falling below \$1 billion. The total number of unicorns may, therefore, have reduced to 103 now. What is more, valuation of 12 unicorns has been stagnant at \$1 billion. These unicorns include Vedantu, Nobroker, Blackbuck and Slice. While most of them have entered the club in 2021 or 2022, the list also has InMobi, which became a unicorn in 2011, 11 years ago. This is based on unicorn valuation data put out by Venture Intelligence.

<https://www.thehindubusinessline.com/data-stories/data-focus/as-valuation-dips-india-has-5-fewer-unicorns-now/article65757774.ece>

Agriculture

NRAA proposes policy to accelerate growth of rainfed agriculture

Reviving millet-based cropping systems, releasing new climate-resilient varieties, improving water use efficiency, and encouraging allied agri-activities are among several measures being proposed to accelerate the growth of rainfed agriculture in the country as per a draft policy. The National Rainfed Area Authority (NRAA), under the Ministry of Agriculture, has proposed a new policy for accelerating the growth of rainfed agriculture through a comprehensive approach to combating climate change, securing livelihoods, and improving nutrition. The proposed policy is expected to design programmes specifically for rainfed agriculture, which accounts for 55 per cent of the net sown area of 139.42 million hectares, and supports about 61 per cent of the farmers in the country. Rainfed agriculture contributes to around 40 per cent of the total foodgrain production. About 85 per cent of nutri-cereals, 83 per cent of pulses, 70 per cent of oilseeds, and 65 per cent of cotton are grown in rainfed conditions. Rain-dependent agriculture supports two-thirds of livestock and 40 per cent of the human population.

<https://www.thehindubusinessline.com/economy/agri-business/nraa-proposes-policy-to-accelerate-growth-of-rainfed-agriculture/article65758384.ece>

Interim wage hike to hit margins of West Bengal tea estates: Icra

The interim wage hike in West Bengal is likely to adversely impact the margins of tea estates in the state that contributes 37 per cent to north India's production, a report said on Thursday. However, the impact would be lower for producers of quality tea, given the price premium they enjoy over the average market realisations, Icra said in a report. The total wage rate per man day (including bonus, other cash components and benefits) for tea estate workers in West Bengal is estimated to increase by 12 per cent with effect from January 1, 2022. The hike follows an announcement by the state's labour department to increase the basic wages on an interim basis by 15 per cent to Rs 232 per day from Rs 202 per day, the report said. As per Icra estimates, the wage hike would lead to an increase in the cost of production by Rs 16 per kg and would have a substantial adverse impact on the margins of tea estates in West Bengal which contributes around 37 per cent to north India's production.

<https://www.financialexpress.com/industry/interim-wage-hike-to-hit-margins-of-west-bengal-tea-estates-icra/2626392/>

Energy

Govt to divert gas from industries after CNG, piped gas prices jump 70%

The oil ministry has ordered the diversion of natural gas from industries to the city gas distribution sector to cool CNG and piped cooking gas prices that have shot up by 70 per cent on the use of imported fuel. Less than three months after it ordered the use of costlier imported LNG to meet incremental demand for automobile fuel CNG and household kitchen gas PNG, the ministry on August 10 reverted to an old policy of primarily supplying domestically

produced gas for city gas operations. The allocation for city gas operators like Indraprastha Gas Ltd in Delhi and Mahanagar Gas Ltd of Mumbai has been increased from 17.5 million standard cubic meters per day to 20.78 mmscmd, officials said. The increased allocation will meet 94 per cent of the demand for CNG to automobiles and piped cooking gas to household kitchens in the country.

https://www.business-standard.com/article/economy-policy/govt-to-divert-gas-from-industries-after-cng-piped-gas-prices-jump-70-122081100635_1.html

Rise in power demand leads to 17 pc hike in coal supply to electricity generating plants in July

The supply of coal to electricity generating plants increased by 17.09 per cent to 58.45 million tonnes in July due to rise in power demand, the government data said. The government in the last few months has taken various measures to ensure adequate availability of coal for power stations. The total coal dispatch to power utilities stood at 49.92 million tonnes (MT) in July last fiscal, according to provisional data of the coal ministry. Overall dispatch of coal in the country went up by 8.51 per cent to 67.81 MT last month compared to 62.49 MT in the corresponding month of previous fiscal. The overall coal production also went up by 11.37 per cent to 60.42 MT in July as against 54.25 MT in the year-ago period. Earlier, the government had mandated Coal India (CIL) to import coal as an emergency measure to avoid the fuel shortage at power utilities and build up buffer stock.

<https://www.financialexpress.com/industry/rise-in-power-demand-leads-to-17-pc-hike-in-coal-supply-to-electricity-generating-plants-in-july/2626311/>

Telecom

DoT extends last date to make payments for 5G spectrum to August 17

The Department of Telecommunications (DoT) has extended the last date to make payments for spectrum acquired in the recently concluded auction to August 17 as there is a bank holiday in Mumbai and Maharashtra on August 16. Two of the telecom firms –Reliance Jio and Vodafone Idea – have their headquarters in Mumbai while Bharti Airtel is based out of Delhi NCR. New entrant Adani Networks is based out of Ahmedabad. On August 5, the DoT had issued demand notices to all the four companies that have acquired spectrum, to make payments by August 16. The telcos have been given the option to pay in 20 equal annual instalments or they can choose to pay the entire amount or part of it upfront. Such part payment would be for at least two years or more.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/dot-extends-last-date-to-make-payments-to-august-17/articleshow/93493678.cms>

Healthcare

Indian companies eye new trade channels in US amid erosion of generic prices

Indian drug makers struggling with trade channel consolidation and rapid erosion of generic drugs prices in the US, are exploring platforms such as Amazon, American billionaire Mark Cuban's CostPlus Drug Company and other specialty and white-label e-pharmacies to sell generic medicines. While these platforms are nascent and have limited scale at the moment, as they mostly sell out-of-pocket over-the-counter (OTC) medications and a limited portfolio of prescription drugs, executives at Indian companies see them as potential alternatives to heavily concentrated trade channel where three big buying consortiums, AmerisourceBergen, Cardinal Health, and McKesson Corporation, account for over 90% of the market, and have assumed greater bargaining power over suppliers to drive down prices and extract hefty discounts on drugs. "More and more channels will help and we will work with anyone that's going to buy our products," said Erez Israeli, CEO of Dr Reddy's to ET.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals/indian-companies-eye-new-trade-channels-in-us-amid-erosion-of-generic-prices/articleshow/93508517.cms>

External

India, UK working intensively to meet Diwali deadline for FTA

India and the UK will continue to work intensively to meet the Diwali deadline at the end of October for a Free Trade Agreement (FTA) announced during the India visit of outgoing British Prime Minister Boris Johnson, a UK government statement said. "Indian and UK officials will continue to work intensively throughout the summer towards our target

to conclude the majority of talks on a comprehensive and balanced Free Trade Agreement by the end of October 2022," the DIT statement said. "Negotiation officials undertook these technical talks in a hybrid fashion – with some of the teams meeting in New Delhi, India, and the majority of officials joining virtually. For this round of negotiations, technical experts from both sides came together for detailed draft treaty text discussions in 85 separate sessions covering 15 policy areas," it said.

<https://www.financialexpress.com/economy/india-uk-working-intensively-to-meet-diwali-deadline-for-fta/2626166/>

MSME exporters facing demand squeeze in global markets

MSME exporters are facing slowdown in demand in the global markets due to the ongoing war between Russia and Ukraine and they have sought immediate intervention of the government to deal with the situation, according to industry players. They added that the dip in demand may impact the country's exports in the coming months. Most of the exporters said they have orders for only one or two months. "This scenario would impact exports growth," Ralhan added. Sharing similar views, Dalpat Forge (India) Manager Ashwani Aggarwal said the demand situation is "bad" in both domestic as well as global markets like the US and Europe. "The government should support us to deal with the situation," he said.

<https://www.financialexpress.com/industry/sme/msme-exporters-facing-demand-squeeze-in-global-markets/2626345/>

Demand from US, Japan, new markets revives mango exports

Resumption of orders from the US and Japan, new markets such as Argentina, and at least 50% higher per unit realisation have helped revive India's mango exports. Exports of the fresh fruit to Japan have doubled to 50 tonne in the current season from 24.52 tonne exported in 2021-21 while around 1,000 tonne mangoes have been exported to the US. Similarly, mangoes are being sent to South Korea after a two-year gap due to the Covid-19 pandemic, and Malaysia has assured imports of Alphonso, Kesar and Banganpalli varieties of mango, officials said. "There is a 10-15% rise in mango exports in this season as compared to last. Exports have recovered," said an official.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/demand-from-us-japan-new-markets-revives-mango-exports/articleshow/93507851.cms>