



August 16, 2022 – Tuesday

Economy

Modi's five-point agenda to put India on 'developed nation' orbit

Prime Minister Narendra Modi on Monday enumerated the 'Panch Pran' (five pledges) that all citizens should take to contribute to India achieving the status of a developed nation by 2047, in the 100th year of its Independence. Another highlight of the PM's 82-minute-long address to the nation was his exhortation for a nationwide campaign against corruption and nepotism, which he defined as the two big challenges facing the country. India is categorised variously as "Developing" (UN), "Low Middle Income Country" (World Bank) and "Emerging Economy" (IMF). These categorisations are based on a number of factors, including our human development indicator and per capita income.

<https://www.thehindubusinessline.com/news/time-to-step-towards-a-new-direction-with-a-new-resolve-says-pm-modi-in-76th-independence-day-address/article65770790.ece>

Rural jobs scheme work generation down 50% in July

Work generated under the National Rural Employment Guarantee scheme fell to nearly half in July from the prior month, on the back of a pick-up in agricultural and non-agricultural activities that kept labourers engaged and due to weakening of reverse migration. Prior to the steep fall in July, work generated under it had increased sequentially in each of the first three months of the current fiscal year. Provisional data on August 15 showed 222 million person days of work for July 2022, compared with 422.1 million in June, a drop of 47.3%. The number of households that benefited from the scheme was 17.1 million against 27.5 million in June, a 37.8% decline. The person days of work generated were 285.9 million (benefitting 18.6 million households) in April and 435.3 million (26.1 million households) in May.

<https://economictimes.indiatimes.com/news/economy/indicators/rural-jobs-scheme-work-generation-down-50-in-july/articleshow/93577963.cms>

Easing of inflation in July may not be a cause for celebration, says Nomura

Inflation in July may have eased from multi month highs, but that still may not be a cause for celebration as core inflation remains high at 6%. This may prompt the central bank raise repo rate as much as 35 basis points, Nomura Securities said. "Headline inflation moderates due to volatile components, but underlying inflation remains sticky at about 6%, calling for further policy tightening," Nomura said. "We retain our view of a terminal policy rate of 6%, with a 35 basis points hike at the next meeting in September and a final 25 bps hike in December," Nomura's research analysts Sonal Verma and Aurodeep Nandi said. India Ratings and Research too believes that the base effect would remain unfavourable till October 2022 and will continue to exert pressure on inflation.

<https://economictimes.indiatimes.com/news/economy/indicators/easing-of-inflation-in-july-may-not-be-a-cause-for-celebration-says-nomura/articleshow/93575152.cms>

Govt may use BOCW funds to push pension scheme

The labour ministry may allow the use of funds lying with the government for paying the worker contribution under the Pradhan Mantri Shram Yogi Maandhan Scheme, in a major revamp of the voluntary pension programme for unorganised workers. A senior government official told ET that the labour ministry is contemplating using funds

collected under the Building and Other Construction Workers (BOCW) Act, 1996 for this. The proposal came after enrolments under the scheme slowed down considerably since the outbreak of the pandemic, as unorganised workers stayed away from contributing to the scheme.

<https://economictimes.indiatimes.com/news/economy/policy/govt-may-use-bocw-funds-to-push-pension-scheme/articleshow/93562558.cms>

UIDAI enrolls over 79 lakh children under Bal Aadhaar initiative during Apr-July

The Unique Identification Authority of India, custodian of Aadhaar, has enrolled more than 79 lakh children aged below 5 years during April to July this year, an official statement said on Monday. The enrolment is part of a renewed effort to reach out to more children in the 0-5 age group under the Bal Aadhaar initiative and help parents and children avail multiple benefits. "The Unique Identification Authority has enrolled more than 79 lakh children in the 0 - 5 age group during the first four months (April - July) of the current financial year," the statement said. While 2.64 crore children in the 0-5 age group had Bal Aadhaar as of March 31, 2022, this number has increased to 3.43 crore by the end of July 2022. "Enrolments of children in the 0-5 age group in states like Himachal Pradesh and Haryana have already covered more than 70 per cent of the targeted age group. Registration of children (0-5 age group) has also done exceedingly well in several other states and UTs including Jammu and Kashmir, Mizoram, Delhi, Andhra Pradesh and Lakshadweep," the statement said.

<https://economictimes.indiatimes.com/news/india/uidai-enrolls-over-79-lakh-children-under-bal-aadhaar-initiative-during-apr-july/articleshow/93576010.cms>

Banking and Finance

Banks gear up for a festive boost to loan, profit growth

With the onset of the festive season, banks are gearing up for strong growth in retail loans, especially unsecured loans, since asset quality across the board has improved. They are also expecting to post much higher profitability, as interest rates continue to increase. "The festive season is expected to be reasonably strong for retail lending, which coupled with asset repricing should support margins/core-profitability," said Anand Dama, banking analyst at Emkay Global. "Most banks have raised their growth guidance for FY23, factoring in a strong June quarter and improving growth impulses in retail, SME, and corporate portfolio. Within retail, mortgage growth remains healthy, while signs of pick-up are visible in otherwise lacklustre vehicle finance as well. Unsecured loan growth remains strong, led by cards and PL (personal loans), given underlying strong demand and banks turning pro-risk, given improving asset quality," Dama said.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/banks-gear-up-for-a-festive-boost-to-loan-profit-growth/articleshow/93578227.cms>

IRDAI organises hackathon, invites innovative solutions for insurance sector

Insurance regulator IRDAI has invited entities to develop technology-driven innovative solutions for automated death claim settlement, curtail miss-selling, and other areas of the insurance ecosystem, with an aim to protect the interest of policyholders. Applications have been invited by the Insurance Regulatory and Development Authority of India (IRDAI) as part of its first hackathon -- Bima Manthan 2022 -- with the theme 'Innovation in Insurance'. "The hackathon invites participants to identify and develop solutions that have the potential to make the insurance available to every individual in a seamless and swift manner with the use of technology and protecting the interests of the policyholders," the regulator said in a statement. IRDAI has sought innovative ideas/solutions for automated death claim settlement using technology and tech-based solution to curtail miss-selling of insurance products

<https://economictimes.indiatimes.com/industry/banking/finance/insure/irdai-organises-hackathon-invites-innovative-solutions-for-insurance-sector/articleshow/93575174.cms>

Gross inflow into gold ETFs hits a new low

The gross inflow into gold exchange traded funds (ETFs) fell to a new low of ₹96 lakh in July, with this category of passive fund registering a net outflow for the first time in last five months. Gross inflows in June were at ₹252 crore. Investors had pulled out ₹457.71 crore from gold ETFs last month leading to net outflow of ₹456.75 crore even as the precious metal received support from rising concerns on global economy slipping into a recession stoked by

sharp increase in interest rate by the US Fed to tame soaring inflation. In June, gold ETFs registered a net inflow of ₹135 crore as gross inflows (sales) were at ₹252 crore and outflow was at ₹117 crore.

<https://www.thehindubusinessline.com/news/gross-inflow-in-gold-etfs-hits-a-new-low-as-investors-expect-prices-to-fall/article65771747.ece>

More GST rate changes likely to address inverted duty, exemptions

The Goods and Services Tax (GST) Council may go in for another round of rate changes to correct the remaining instances of inverted duty, apart from withdrawing some more exemptions. A group of ministers (GoM) headed by Karnataka chief minister Basavaraj Bommai is working on the second round, people aware of the matter told ET. "The inverted duty correction exercise has not concluded yet and there is more work left," said a senior official, adding that the GoM is working on the next list and a proposal may be floated before the next council meeting, which is likely in September. "The last two-three meetings were productive, with many important decisions being taken. But some items are still pending, including textiles," the person said.

<https://economictimes.indiatimes.com/news/economy/policy/more-gst-rate-changes-likely-to-address-inverted-duty-exemptions/articleshow/93579401.cms>

Direct tax collection grows 40% driven by personal income tax from Apr-Jul

During the April-July period, the central government achieved more than a third of the direct tax collection for this financial year as personal tax collection exceeded corporation tax mop-up amid tightened enforcement and compliance measures, according to official figures. Overall direct tax collections, net of refunds, including corporation and personal income tax, grew by 40 per cent in the first four months of FY23 to Rs 5 trillion, which is nearly 35 per cent of the target of Rs 14.2 trillion for the whole fiscal year, a report by Livemint stated. Meanwhile, direct tax refunds increased by 38 per cent to Rs 67,000 crore. As the central government has cut taxes on petrol and diesel to tame rising rates driven by a spike in global crude prices, robust direct tax collections will help the government bridge the shortfall in indirect taxes. Personal income tax collection posted a growth of 52 per cent YoY at Rs 2.67 trillion, while corporation tax collection stood at Rs 45,000 crore. The government officials attributed the rise in direct tax collections to tightened enforcement and compliance using technology including the use of the Annual Information Statement (AIS).

https://www.business-standard.com/article/economy-policy/direct-tax-collection-grows-40-driven-by-personal-income-tax-from-apr-jul-122081500288_1.html

Industry

PM's vision of techade, push for 5G, chips to boost tech sector: Industry

Prime Minister Narendra Modi's call to make this decade a "techade" for India and the push for 5G, semiconductors and transformation through digital services is going to boost the technology sector in the country, industry players said on Monday. Modi, in his speech on the 76th Independence Day, touched upon all-round development of technology in the country, from 5G to push for electronic chips, laying of optical fibre cable (OFC) network across villages and enablement of digital entrepreneurship in villages through Common Services Centres, making the present decade as "techade" for India. Homegrown mobile devices maker Lava International's Chairman and Managing Director Hari Om Rai said electronics and technology sectors create about USD 4 trillion of revenue. "Its impact on the global GDP is about USD 17 trillion and its global market capitalization is about USD 23 trillion. Hon' PM has aptly recognised the future and crystallised his priority for the tech sector...," Rai said.

https://www.business-standard.com/article/companies/pm-s-vision-of-techade-push-for-5g-chips-to-boost-tech-sector-industry-122081500839_1.html

Listed SMEs have performed better than unlisted: RBI study

It might be worth investing in small and medium (SME) enterprises rather than lending to them. Even as many prices of IPOs of larger firms have crashed on listing, an RBI study finds that SME IPOs preceded by a boom market period are more underpriced making a case for more equity funding for SMEs. Moreover, firms listed in SME exchanges have higher profitability, liquidity and asset utilisation ratio as compared with other unlisted SMEs. Contrary to the general perception, it was found that the extent of underpricing in both the SME exchanges is lower when compared to the respective main boards and over time the extent of underpricing has reduced in SME exchanges. Since its

inception in 2012, an increasing number of SMEs got listed each year in BSE SME exchange till 2017-18. However, the trend reversed after that with the number of SME IPOs falling from 62 in 2017-18 to only 11 in 2020-21 (till January 2021). The same trend is observed in NSE emerge, where the number of IPOs registered a sharp increase from 8 in 2015-16 to 92 in 2017-18 and has fallen thereafter. The study notes that there was some recovery in Q4'2021.

<https://economictimes.indiatimes.com/news/company/corporate-trends/listed-smes-have-performed-better-than-unlisted-rbi-study/articleshow/93575871.cms>

Rural MSMEs in urgent need of funding, says MSME Export Promotion Council

The MSME Export Promotion Council (MSMEEPC) has suggested banks to be more aggressive in reviving Micro, Small, and Medium Enterprises (MSMEs) that have been struggling for survival after Covid. As compared to the MSMEs located in metro and urban cities, the units in the rural areas, especially art and craft and agro-based units, are struggling more for their survival. "There is an urgent need for developing alternative sources of funding to solve availability of timely, competitive credit," MSMEEPC chairman D S Rawat told PTI. He said that the "biggest challenge to the MSMEs is unavailability of timely capital. As a result, they suffer from either shrinking of operations or liquefying the enterprise itself". Therefore, it is necessary to broaden the range of financing instruments available to MSMEs in order to continue their contribution in investment, growth, innovation, inclusive development and job generation, Rawat added.

<https://economictimes.indiatimes.com/small-biz/sme-sector/rural-msmes-in-urgent-need-of-funding-says-msme-export-promotion-council/articleshow/93566474.cms>

Secondary steelmakers face double whammy as prices of key inputs rise

Medium and small steelmakers in India are feeling the heat as prices of key inputs like sponge iron and imported scrap steel continue to rise amid a correction in the prices of finished steel. Called secondary steelmakers, these companies use sponge iron or scrap steel in electric arc furnaces to make steel. This is unlike large, primary steelmakers which operate blast furnaces to purify iron ore and then use that for steelmaking. A paucity of coal in the domestic market is pushing upwards the prices of sponge iron. Meanwhile, there has also been a squeeze on the availability of scrap steel, which is largely imported. This is pushing up the price of the commodity. To be sure, prices of sponge iron and scrap steel, on average, were higher in the months of March and April from current market rates, shows data from SteelMint.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/steel/secondary-steelmakers-face-double-whammy/articleshow/93578239.cms>

Consumer companies' chiefs bet big on festive demand

Chief executives of top consumer goods makers are bullish about the festive season, saying that multiple indicators were pointing to a demand revival. Higher stocking of products by wholesalers and trade since end July as compared to the previous months, faster movement of FMCG from wholesalers to kiranas, a reduction in the trade credit period and strong Independence Day sales all suggest improving consumer spending, they said. Apart from these micro trends, positive macroeconomic indicators - such as a slowdown in inflation in July - augur well for the festive season, the largest consumption period in the country.

<https://economictimes.indiatimes.com/industry/cons-products/fmcg/consumer-companies-chiefs-bet-big-on-festive-demand/articleshow/93565915.cms>

Agriculture

First meeting of Committee on MSP to be held on Aug 22

The committee on Minimum Support Price (MSP) is scheduled to hold its first meeting on August 22 to discuss future strategies, according to official sources. In the first meeting, sources said the committee will introduce members, deliberate on "future strategies" and discuss setting up sub-panels to cover the wide issues mentioned in the terms of reference.

<https://www.financialexpress.com/economy/first-meeting-of-committee-on-msp-to-be-held-on-aug-22/2630979/>

Infrastructure

Centre holds talks to increase container manufacturing in India

The centre is preparing a roadmap to boost the manufacturing of containers in India while opting for a cluster based manufacturing approach. This move is in light of a global container shortage after a post pandemic demand surge put pressure on existing capacities. Sector watchers said that most containers were stuck at ports in Western countries and China, straining availability for other nations. Officials in the know say that the container shortage has been discussed at the highest levels of government with top functionaries pushing for boosting domestic manufacturing in India. These plans were mulled over during Inter-ministerial discussions held on Monday. An official statement said that Container Corporation of India (CONCOR), a public sector enterprise under the Railway Ministry will be working closely with the Shipping Ministry. These deliberations took place at a high powered meeting held between Shipping Minister Sarbananda Sonowal, Railways Minister Ashwini Vaishnaw and Health Minister Mansukh Mandaviya. Officials from their respective ministries were also present at the meeting.

<https://economictimes.indiatimes.com/industry/transportation/shipping/-/transport/centre-holds-talks-to-increase-container-manufacturing-in-india/articleshow/93576673.cms>

Energy

Power ministry for pausing emission control gear setup after phase-1

The power ministry has recommended implementation of emission control equipment in select power plants to observe the benefits before rolling out the estimated ₹2 lakh crore of investment in all projects that could raise electricity tariffs. Based on a study by IIT Delhi and the Central Electricity Authority (CEA), the ministry has said the implementation of flue gas desulphurisation (FGD) equipment raises carbon dioxide emission. It has, therefore, suggested that in the first phase only 4,430-Mw thermal stations in sensitive zones be retrofitted.

<https://economictimes.indiatimes.com/industry/energy/power/power-ministry-for-pausing-emission-control-gear-setup-after-phase-1/articleshow/93577859.cms>

CERC proposes generic tariff of ₹4.76-5.84/unit for small hydro projects in FY23

The Central Electricity Regulatory Commission (CERC) has proposed generic tariffs in the range of ₹4.76–5.84 per kilowatt hour (kWh) for various small hydro projects across states for the current financial year. For small hydro projects below 5 megawatts (MW) in Himachal Pradesh, Uttarakhand, West Bengal, and North Eastern States, as well as Jammu and Kashmir and Ladakh, the regulator proposed a levelised total tariff of ₹5.23 per unit, while for projects with a capacity of 5–25 MW in these States, the rate is 4.76 per unit. Similarly, for other States with small hydro capacity below 5 MW, the levelised total tariff is proposed at Rs 5.84 per unit, whereas for projects from 5 to 25 MW, it is proposed at ₹5.76 a unit. These are part of the commission's proposals, under Regulation 8 (1) of the CERC (Terms and Conditions for Tariff Determination from Renewable Energy Sources) Regulations, 2020, to fix generic tariffs for various RE projects for the third year of the control period (FY 23).

<https://www.thehindubusinessline.com/news/cerc-proposes-generic-tariff-of-476-584unit-for-small-hydro-projects-in-fy23/article65772236.ece>

Telecom

DoT initiates process to auction more 5G spectrum

The Department of Telecommunications (DoT) has commenced an exercise to unlock and sell an additional 5,500 MHz of 5G spectrum, worth over ₹35,000 crore. This comes close on the heels of the government netting a record ₹1.5 lakh crore from the recently concluded auctions. According to officials, DoT has formed an internal committee to chalk out a strategy to incorporate 37.0-42.5 GHz as international mobile telecommunications (IMT) bands, which will allow telecom companies to use the spectrum. This band, also known as the millimetre wave band, can be useful in offering 5G fixed wireless access services. After DoT gives its proposal on the 37.0-42.5 GHz band, the matter will be taken to a committee of secretaries, which will officially notify the band as IMT. Once that happens, the spectrum can be put on sale.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/dot-initiates-process-to-auction-more-5g-spectrum/articleshow/93564927.cms>

States

UP: Yogi govt 2.0 to recast MSME policy to groom women entrepreneurs

The Uttar Pradesh government is recasting its policy to boost micro, small, and medium enterprises (MSMEs) and encourage women entrepreneurs. Under the proposed new policy, women entrepreneurs would receive a 100 per cent stamp duty subsidy on the purchase of land for setting up micro and small units. Besides, other MSMEs would receive a 50 to 100 per cent subsidy depending on the region of the state. Stamp duty would be cheaper in comparatively backward regions of Bundelkhand and Purvanchal (Eastern Uttar Pradesh) than in the central and western districts. This is aimed to encourage fresh investment, particularly in the manufacturing sector, in laggard pockets and beyond the National Capital Region (NCR) districts of Western UP. The Yogi Adityanath government has started preparing for a mega investor summit in January 2023. It has also roped in global consultancy major Deloitte to draft the blueprint for making the state a trillion-dollar economy in the next five years.

https://www.business-standard.com/article/economy-policy/up-yogi-govt-2-0-to-recast-msme-policy-to-groom-women-entrepreneurs-122081500750_1.html

External

DTAA regulations issue likely to be discussed at India-Australia trade meet next month

India will raise with Australia the tax issue being faced by Indian IT companies under the double taxation avoidance agreement, during a meeting between the two countries' trade ministers next month, according to an official. Both countries signed the Double Taxation Avoidance Agreement (DTAA) in 1991 and it was updated in 2013. India has called for an early amendment of the regulations under the DTAA to stop taxation of the offshore income of Indian firms providing technical support in Australia. Australian Trade Minister Don Farrell will visit India by the end of September for the joint ministerial commission meeting and India would raise the DTAA regulations issue, the official said.

<https://www.financialexpress.com/economy/dtaa-regulations-issue-likely-to-be-discussed-at-india-australia-trade-meet-next-month/2630679/>

Industry to give more inputs as India-UK FTA talks enter final stage

The Indian industry is set to provide more inputs to the government on the on-going India-UK Free Trade Agreement, which is expected to double bilateral trade to \$100 billion by 2030, as negotiations have now entered an advanced stage with October-end fixed as the deadline to conclude talks. "After the fifth round of negotiations on the India-UK FTA concluded recently, there is more clarity on what each side wants and what could be achieved. It is the right time to take more inputs from the industry to push for what it wants and also protect what needs to be shielded," a person tracking the matter told Business Line. Exporters' body Federation of Indian Export Organisations has organised a discussion with industry representatives and experts next week on the likely impact of the proposed India-UK FTA and invite further suggestions on the pact that the government could incorporate.

<https://www.thehindubusinessline.com/economy/industry-to-give-more-inputs-as-india-uk-fta-talks-enter-final-stage/article65771745.ece>