



September 16, 2022 – Friday

Key Developments

Boards of PSEs can now take call on stake sale in units, joint ventures

The boards of government-owned companies will now be able to decide on a strategic divestment or minority stake sale in their subsidiaries, units and joint ventures. The Department of Investment and Public Asset Management (DIPAM) on Thursday issued detailed guidelines for public sector enterprises (PSEs) on dealing with their downstream investments. These companies will no longer require approval from the Alternate Mechanism for such transactions, if they have already taken clearance from the Cabinet or the Cabinet Committee on Economic Affairs, and their relevant ministries. But if a company does not already have the Cabinet or CCEA approval, it will still have to approach the Alternative Mechanism - a panel that will comprise the finance and road transport ministers and the minister of the PSE's administrative department.

<https://economictimes.indiatimes.com/news/economy/policy/boards-of-pscs-can-now-take-call-on-stake-sale-in-units-joint-ventures/articleshow/94231995.cms>

Economy

India's labour market shrunk by 2.1 million in August on the back of decline in salaried jobs: CMIE

India's labour market shrunk by 2.1 million in August on the back of decline in salaried jobs while the labour force increased by 4 million, resulting in an increase of over 6 million in the number of unemployed in the country last month, the Centre for Monitoring Indian Economy said. "India's labour force grew by 4 million to reach 430 million in August but the labour market shed 2.1 million jobs. As a result, the number of the unemployed swelled by 6.6 million from 29 million in July to 35.6 million in August," CMIE said in its weekly labour market analysis. According to CMIE, the worrisome part of the fall in employment in August is that salaried jobs fell by 4.6 million. "This is a substantial 5.6% fall from 80.8 million in July to 76.2 million in August and is the lowest level of salaried jobs seen in 15 months," it said, adding that salaried jobs are expected to rise back to over-80 million in September.

<https://economictimes.indiatimes.com/news/economy/indicators/indias-labour-market-shrunk-by-2-1-million-in-august-on-the-back-of-decline-in-salaried-jobs-cmie/articleshow/94219490.cms>

WPI inflation may ease off to single digit by Oct; RBI MPC may hike repo rate by 50 bps in Sep

India's wholesale inflation (WPI) continued to ease further to an 11-month low of 12.41 per cent on-year in August from 13.93 per cent in July. Despite the mild cool off, the wholesale price index continued to remain in double digit for the 17th consecutive month in August. One of the reasons behind WPI numbers staying in double digits is the spike in inflation recorded in the food articles segment at 12.37 per cent, up from 10.77 per cent recorded in July. Economists expect ease off in wholesale inflation to continue going forward on the back of the rising base, softening of commodity prices on intensifying recessionary fears across major advanced economies and weaker demand conditions in China. Going forward, there is a scope for further easing in wholesale inflation trajectory owing to the rising base, softening of commodity prices on intensifying recessionary fears across major advanced economies, and weaker demand conditions in China. However, prolonged geopolitical tensions and currency depreciation may offset some of these comfort factors. Clearly, the differential between CPI and WPI inflation is on its way down with moderation in commodity prices and gradual pass-through of the input cost pressures that producers have faced

earlier. The rate of further decline in WPI inflation will be dependent on the Kharif harvest and the extent of unwinding of global crude oil prices. The trajectory of CPI, however, may not be similar to that of WPI, given the expected recovery in demand. We expect a gradual moderation in the CPI print in the current year with an average of 6.7% for FY23.

<https://www.financialexpress.com/economy/wpi-inflation-may-ease-off-to-single-digit-by-oct-rbi-mpc-may-hike-repo-rate-by-50-bps-in-sep/2667873/>

India Ratings cuts India's FY23 GDP growth forecast to 6.9% from 7%

India Ratings became the latest agency to cut its FY23 gross domestic product forecast. On Thursday, the ratings agency cut the forecast to 6.9 per cent from 7 per cent, joining other institutions who have cut their projections to below 7 per cent since the release of the April-June quarter GDP data. "Despite private final consumption expenditure (PFCE) and gross fixed capital formation (GFCF) growth coming in better than our expectations in Q1, the agency expects the slowdown in the growth of government final consumption expenditure (GFCE) and worsening of net exports to weigh on the FY23 GDP growth," India Ratings said in a statement. India Ratings projects GDP growth of 7.2 per cent in July-September FY23 quarter, 4 per cent in October-December and 4.1 per cent in February-March. "Recovering the lost output due to COVID-19 will be a long haul. Our estimate shows that even if GDP grows at 7.6 per cent every year after FY23, then also India would be able to catch up with pre-pandemic trend growth only by FY35", said Sunil Kumar Sinha, Principal Economist.

https://www.business-standard.com/article/economy-policy/india-ratings-cuts-india-s-fy23-gdp-growth-forecast-to-6-9-from-7-122091500979_1.html

Fitch cuts India's FY23 GDP growth forecast to 7%; high inflation, policy tightening dampen economic prospects

Fitch Ratings on Thursday slashed its India's economic growth (GDP) forecast for the current fiscal to 7 per cent from the previous estimate of 7.8 per cent. The global ratings agency expects the economy to grow 7 per cent in 2022-23, with the next financial year also slowing to 6.7 per cent from the earlier estimate of 7.4 per cent. "The (Indian) economy recovered in 2Q22 with growth of 13.5 per cent year-on-year, but this was below our June expectation of an increase of 18.5 per cent. Seasonally adjusted estimates show a 3.3 per cent quarter-on-quarter decline in 2Q22 though this seems to be at odds with high-frequency indicators," Fitch said. It expects the Indian economic growth to slow down given the global economic backdrop, elevated inflation and tighter monetary policy. In its report, Fitch noted that the European gas crisis, high inflation and a sharp acceleration in the pace of global monetary policy tightening are taking a heavy toll on economic prospects. It has cut growth forecasts sharply and widely since the June Global Economic Outlook (GEO). Fitch now expects the world GDP to grow by 2.4 per cent in 2022, down 0.5 per cent from previous estimates. In 2023, the ratings agency sees world GDP growth at just 1.7 per cent. The Eurozone and UK are expected to enter recession later in 2022 and the US is expected to suffer a mild recession in mid-2023.

<https://www.financialexpress.com/economy/fitch-cuts-indias-fy23-gdp-growth-forecast-to-7-high-inflation-policy-tightening-dampen-economic-prospects/2667542/>

Banking and Finance

Re vostro accounts: Banks move RBI, flag grey areas

Banks have reached out to the Reserve Bank of India (RBI) to seek clarity on legal and regulatory grey areas regarding proposed rupee vostro accounts before operationalising them to settle international trade, including that with Russia. The main concern is how accumulated rupee amounts in these accounts can be repatriated without attracting penalties in case the banks are from countries facing international sanctions such as Russia. Banks have also sought clarification on the transfer of government securities acquired from the surplus in these accounts, people familiar with the development told ET. The other concerns include issues related to invoicing in rupees, the exchange rate for the conversion of volatile currencies, banking-related financial messages and communications with the correspondent bank. Vostro accounts are held by banks on behalf of other banks, acting as their custodians.

<https://economictimes.indiatimes.com/news/economy/finance/re-vostro-accounts-banks-move-rbi-flag-grey-areas/articleshow/94233388.cms>

FinMin to allow RRBs to raise funds via IPO, rights issue

The Finance Ministry has issued draft guidelines for Regional Rural Banks (RRBs) to raise resources from capital market, paving the way for raising funds via rights issue, private placement with select investors such as large banks and insurance companies, and initial public offerings (IPO). Currently, there are 43 RRBs sponsored by 12 Scheduled Commercial Banks with 21,892 branches across the country. As at March 2022, RRBs had deposits and loans and advances (net) aggregating ₹5,62,538 crore and ₹3,42,479 crore, respectively. RRBs are jointly owned by the Government of India (GoI), the respective State Governments (SGs), and the Sponsor Banks (SBs), with equity contribution in the ratio (GoI: SG: SB :: 50:15:35).

<https://www.thehindubusinessline.com/money-and-banking/finmin-issues-guidelines-to-rrbs-to-raise-resources-via-ipo-rights-issue/article65893809.ece>

Expenditure for FY23 may go up by ₹50,000 crore

The Centre expects a further rise in its FY23 expenditure budget because of increased fertiliser and cooking gas subsidies besides a higher fund requirement under the rural employment guarantee scheme. However, the finance ministry doesn't see the need for any additional borrowing to meet this anticipated higher spending, expecting savings and buoyant tax collections to bridge the gap. A review of the fiscal position to finalise the borrowing calendar for the second half of the financial year estimated the excess expenditure at about ₹50,000 crore, a government official said.

<https://economictimes.indiatimes.com/news/economy/indicators/expenditure-for-fy23-may-go-up-by-50000-crore/articleshow/94233419.cms>

Number of deals fell 40% in Aug, M&A volume worst since May 2020: Report

Investments slowed down in India in August when the number of deals reduced by more than 40 per cent year-on-year (y-o-y), said a report on Thursday. There were 131 deals in August 2022, compared to 219 in August 2021. The value of the deals was 52 per cent lower y-o-y. This August, the value was \$4,076 million. In August 2021, it was \$8,439 million. Considering the number of merger and acquisition (M&A) deals, this was the worst month since May 2020. M&A deals were down 43 per cent (YoY) in volume but 79 per cent higher in terms of value. Private equity (PE) deals saw a fall of 40 per cent in terms of volume and 67 per cent in terms of value. The biggest M&A deal in August was JSW Energy acquiring Mytrah Energy (India) for \$1,316 million. "This is not only the largest deal by JSW but also the largest deal in the energy sector since January 2021," the report said.

https://www.business-standard.com/article/companies/number-of-deals-fell-40-in-aug-m-a-volume-worst-since-may-2020-report-122091500745_1.html

Industry

Govt working to increase domestic coking coal output: Steel secretary

The government is working to increase the domestic production of coking coal as the country aims to have a steel making capacity of 300 million tonne by 2030-31, a senior official said on Thursday. Coking coal is a key input in steel making and the country remains dependent on imports to meet 85 per cent of its coking coal needs. The government has taken an important decision by removing the duty on coking coal to zero, Steel Secretary Sanjay Kumar Singh said. "There have been issues of prices rise in this area (coking coal) but of late, they have come down quite significantly. Of course, ultimately what is going to be the full solution is that when the production of coking coal to our requirement is done within the country and Ministry of Coal is working for that," he told PTI.

https://www.business-standard.com/article/pti-stories/govt-working-to-increase-domestic-coking-coal-output-steel-secretary-122091500650_1.html

No packaged food, FMCG price cuts in festive October

Marketers of daily essentials, groceries and packaged commodities do not plan to reduce prices in the next month amid the festive season, despite a consistent fall in input costs due to falling commodity prices, including crude and palm oil. FMCG and packaged food companies said any decision on price cuts will be taken only after their current inventory is depleted, which could take another few months, as overall inflation remains a concern. Companies, though, may offer some discounting or increase pack sizes to pass on the benefit of cooling commodity prices to consumers.

<https://economictimes.indiatimes.com/industry/cons-products/fmcbg/no-packaged-food-fmcbg-price-cuts-in-festive-october/articleshow/94233543.cms>

Govt may restructure FAME subsidy; exploring more incentives for public EV charging infra

In a bid to encourage more companies to opt for setting up public charging stations for electric vehicles (EVs), the government is planning to restructure the subsidy mechanism under the FAME scheme to offer incentives for setting up upstream infrastructure for such stations. Besides, plans are also afoot to create a national level benchmark for user charges, charge paid by an EV customer for battery charging, Power Secretary Alok Kumar said on Thursday at the INSIGHT 2022 conference. "We have internally reviewed the subsidy structure for charging stations. The biggest barrier apart from land cost is the cost of upstream infrastructure. It is almost as expensive as, or more expensive, than the cost of chargers, and other equipment. So we are very soon going to restructure the FAME subsidy part for charging stations. We had a discussion with NHAI, and other forums. There is a consensus that we need to support the initial few thousands of charging stations through subsidy for upstream infrastructure. We believe it will go a long way in rolling out charging stations," Kumar said.

<https://www.thehindubusinessline.com/companies/govt-may-restructure-fame-subsidy-exploring-more-incentives-for-public-ev-charging-infra/article65895098.ece>

Govt floats draft notification to regulate used car selling

The Ministry of Road Transport and Highways (MoRTH) on Thursday said it has issued a draft notification to promote ease of doing business and transparency in the sale and purchase of registered vehicles through dealers. The growing market for pre-owned, or second-hand cars has, in recent years, received a further boost with the advent of online selling. "These rules are expected to aid in recognising and empowering intermediaries and/or dealers of registered vehicles as well as provide adequate safeguards against fraudulent activities to the selling or purchasing of such vehicles," according to a ministry statement. The key provisions of the proposed rules include an authorisation certificate for dealers of registered vehicles.

<https://www.thehindubusinessline.com/economy/govt-floats-draft-notification-to-regulate-used-car-selling/article65893770.ece>

SIDBI profiles MSME ecosystem of 16 states to share best practices for small business growth

Small Industries Development Bank of India (SIDBI), the principal financial institution engaged in the promotion, financing and development of MSMEs, has brought out profiles of 16 states with respect to their enterprise/industrial policies and good practices adopted to promote MSMEs through Project Management Units (PMUs) set up by the bank. The units design programmes for small businesses related to equity support, resolution for stressed units, and interest subvention and suggest changes to state governments with respect to their schemes and projects, if required, to remove barriers to MSMEs' growth. According to a statement issued on Wednesday, the 16 states included Andhra Pradesh, Assam, Delhi, Gujarat, Haryana, Karnataka, Maharashtra, Rajasthan, Tamil Nadu, Uttarakhand, Uttar Pradesh, Telangana, Jammu and Kashmir, West Bengal, Odisha and Bihar. SIDBI said the state profiles, which are launched for the first time, are to be provided to state governments for them to take advantage of the information and spread the best practices followed for the benefit of MSMEs.

<https://www.financialexpress.com/industry/sme/msme-eodb-sidbi-profiles-msme-ecosystem-of-16-states-to-share-best-practices-for-small-business-growth/2668539/>

Flexi staffing industry adds 66,000 new workers in Q1: ISF

Formal sector hiring seems to be on the rise with India Inc hiring more after two years of the pandemic. According to the Flexi Staffing Industry Employment Growth report, for the first quarter of fiscal 2023, the staffing industry reported a 6.6 per cent growth in the April to June quarter on a sequential basis, adding 66,000 new flexi-workforce and registering a robust demand for flexi workforce after the third Covid wave. The staffing industry grew 28 per cent year on year, adding 2.33 lakh new formal contract workforce in the period between July 2021 to June 2022, said the report by the Indian Staffing Federation. "Formal flexi or contract employment growth was largely witnessed from sectors like ecommerce, retail, manufacturing, BFSI, as they generated high demand," it said.

<https://www.thehindubusinessline.com/economy/flexi-staffing-industry-adds-233-lakh-formal-workforce-isf/article65894011.ece>

Agriculture

Milk producer companies' milk procurement to jump 3-fold to Rs 18,000 cr in value terms in 5 years

Milk procurement by milk producer companies, which are owned by farmers, is estimated to jump nearly 3-fold and touch Rs 18,000 crore in value terms in the next five years, according to NDDB. The National Dairy Development Board (NDDB) Chairman Meenesh Shah said the milk producer companies procured milk worth Rs 5,575 crore last fiscal year and the same is set to triple and reach over Rs 18,000 crore in the next five years. He also assured that NDDB through its arm NDDB Dairy Services will facilitate setting up of more milk producer companies across the country, the board said in a statement.

<https://economictimes.indiatimes.com/news/economy/agriculture/milk-producer-companies-milk-procurement-to-jump-3-fold-to-rs-18000-cr-in-value-terms-in-5-years/articleshow/94220690.cms>

Infrastructure

PM Gati Shakti to add steam to 196 critical infrastructure gap projects

Almost eleven months after the launch of PM Gati Shakti - National Master Plan, the government has identified 196 critical infrastructure gap projects pertaining to port connectivity, and movement of coal, steel and food products, that are being sped up, officials said. Besides, a comprehensive pan-India port connectivity plan, framework to track foodgrain and fertiliser movement across the country, and mapping of schools and anganwadi centres is being done based on the portal which aims to build robust infrastructure, fill the missing gaps in logistics and draw more investments into the country. The portal would work in tandem with the national logistics policy that Prime Minister Narendra Modi will launch on Saturday. "Gati Shakti has made detailed project report planning, land acquisition proposals and selection of projects faster," said Anurag Jain, DPIIT secretary.

<https://economictimes.indiatimes.com/news/economy/infrastructure/196-critical-infrastructure-gap-projects-identified-npg-coordinating-on-issues-dpiit-official/articleshow/94230131.cms>

NHAI to tap capital market this month

The National Highways Authority of India (NHAI) will approach the capital market this month to raise funds for building roads, Nitin Gadkari, roads transport and highways minister, has said. "This month, I will be approaching the capital market to raise funds for road projects... Our toll income is very good and NHAI's rating is AAA... I am 100% sure that we will get a good response," he said at an event here on Thursday. Gadkari said insurance funds and pension funds have shown interest in investing in India's road projects because there is economic viability. Gadkari said NHAI's toll income will more than triple in next three years to over ₹1.40 lakh annually.

<https://economictimes.indiatimes.com/news/economy/policy/nhai-to-tap-capital-market-this-month/articleshow/94231295.cms>

Telecom

5G service to be rolled out in Odisha in first phase: IT Minister Ashwini Vaishnaw

High-speed 5G services will be rolled out in many parts of the country, including Odisha, very soon, Communications and IT Minister Ashwini Vaishnaw said on Thursday. Interacting with reporters in Puri, Vaishnaw said that Odisha will get 5G service in the very first phase. Asked about any impact of the 5G radiation on human beings, he said: "The amount of radiation it will give forth is 10 times less than the radiation norms set by the World Health Organisation (WHO). So, no one should worry about it."

<https://economictimes.indiatimes.com/industry/telecom/telecom-policy/5g-service-to-be-rolled-out-in-odisha-in-first-phase-it-minister-ashwini-vaishnaw/articleshow/94229735.cms>

Healthcare

Indian pharma industry likely to grow to \$130 bn by 2030, says IPA

The Indian pharma industry is expected to grow to \$130 billion by 2030 and become the leading provider of medicines to the world, said Indian Pharmaceutical Alliance (IPA) Secretary General, Sudarshan Jain on Thursday. The Indian pharma industry is currently valued at \$49 billion and is the third largest in the world. India supplied

medicines to over 200 countries in the world, he said. He was speaking on the sidelines of three-day trade shows on laboratory technology and Pharma - machinery segments, which kicked off here. Sudarshan Jain said that with India becoming the fifth largest economy in the world, this is the time for Indian industry to make a difference in the world. He stressed on innovation, self-dependence, diversifying the export market and building capacity for the Indian industry to be future-ready. Dr. Viranchi Shah, National President, Indian Drug Manufacturers Association (IDMA) felt that Production Linked Incentive Schemes (PLIs) and cluster manufacturing are contributing to the pharma sector's growth. According to him, India is aspiring to be number one in the next 25 years.

https://www.business-standard.com/article/companies/indian-pharma-industry-likely-to-grow-to-130-bn-by-2030-says-ipa-122091500656_1.html

External

Export ban on broken rice to ease pressure on domestic retail prices: Govt official

The ban on export of broken rice and duty on outbound shipment of non-basmasti/non-paraboiled rice will boost local supplies and ease pressure on the domestic prices, a senior government official said on Thursday. As per the data maintained by the Ministry of Consumer Affairs, the wholesale prices have risen by 10.7 per cent to Rs 3,357.2 per quintal as on September 14 from Rs 3,047.32 per quintal a year ago. The retail prices have gone up by 9.47 per cent to Rs 38.15 per kg from Rs 34.85 per kg. Animal feed prices too have increased. Maize price rose from Rs 19 per kg on January 1, 2022 to Rs 24 per kg on September 8, 2022. Broken rice price has also increased from Rs 16 per kg to Rs 22 per kg during the same period.

<https://www.financialexpress.com/economy/export-ban-on-broken-rice-to-ease-pressure-on-domestic-retail-prices-govt-official/2668385/>

Gem & jewellery exports up 4.4% during Apr-Aug

The gem & jewellery exports for the period April - August of FY23 has witnessed a growth of 4.4% to US\$ 16695.56 million as compared to US\$ 15991.68 million) for the same period last year, according to a media release issued by Gem & Jewellery Export Promotion Council (GJEPC). However, in August 2022, the gem & jewellery exports declined by 0.54% to US\$ 3316.08 million as compared to US\$ 3334.12 million for the same period last year. The drop in overall gem and jewellery exports in August have happened due to a decline in exports of cut and polished diamonds. For the period of April - August 2022, the overall gross exports of cut & polished diamonds fell by 3.68% to US\$ 10080.52 million as compared to US\$ 10465.28 million for the same period last year. In August 2022, the overall gross export of cut & polished diamonds declined 7.48% to US\$ 1879.74 million as compared to US\$ 2031.64 million in August 2021.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/gem-jewellery-exports-up-4-4-during-apr-aug/articleshow/94219641.cms>

India emerges as Sri Lanka's top lender in 2022: Verite Research think-tank

India has emerged as the top lender to Sri Lanka in 2022, disbursing USD 377 million in loans to the island nation as it grappled with an unprecedented political crisis and economic turmoil, according to the Verite Research think-tank. The Asian Development Bank follows India with USD 360 million in loans. They account for 76 per cent of total disbursements from January to April 2022. Out of a total disbursement of loans amounting to USD 968 million in the first four months this year, India with a contribution of USD 377 million has emerged as Sri Lanka's largest bilateral lender, Verite Research, a Colombo-based independent interdisciplinary think-tank providing strategic analysis and advice for governments and the private sector in Asia, said.

<https://www.financialexpress.com/economy/india-emerges-as-sri-lankas-top-lender-in-2022-verite-research-think-tank/2668039/>

India's procurement of crude oil from Russia not under govt-to-govt framework: Foreign secretary

India's procurement of Russian crude oil is not under any government-to-government framework and Indian entities make the purchase from the market to respond to the country's energy security requirement, Foreign Secretary Vinay Kwatra said on Thursday. Kwatra also chose not to comment on the proposed price cap on Russian oil, a move initiated by the G7 countries to choke Moscow's oil revenue. The G7 countries are reportedly seeking India's support to enforce the price cap on Russian oil. The comments by Kwatra came at a media briefing on Prime

Minister Narendra Modi's visit to Uzbekistan to attend the SCO summit. Modi is set to meet Russian President Vladimir Putin on the sidelines of the summit of the Shanghai Cooperation Organisation (SCO). India's procurement of discounted crude oil from Russia has seen a significant jump in the last few months notwithstanding an increasing disquiet over it by the Western countries.

<https://www.financialexpress.com/market/commodities/indias-procurement-of-crude-oil-from-russia-not-under-govt-to-govt-framework-foreign-secretary/2667835/>