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Economy

Govt to take call on extending free ration scheme PMGKAY beyond Sep: Food Secretary

The government will take a call on extending the PMGKAY scheme to provide free ration to the poor beyond September 30, Food Secretary Sudhanshu Pandey said on Monday without elaborating on when the decision is expected. The Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) was launched in March 2020 to provide free 5 kg foodgrains per person per month to about 80 crore beneficiaries covered under the National Food Security Act (NFSA) to reduce their hardship during the lockdown period. This was over and above the general allocation under the NFSA. The scheme has been extended multiple times and is now valid till September 30. "The government has to decide," Pandey told reporters when asked about the extension of the PMGKAY scheme.

<https://www.financialexpress.com/economy/govt-to-take-call-on-extending-free-ration-scheme-pmgkay-beyond-sep-food-secretary/2673448/>

Ring-fencing privatisation: Bidders may soon have to give full legal disclosures

The Centre is tightening disclosures bidders must make as it gears up for the next leg of privatisation that will include IDBI Bank. Bidders will have to disclose any legal proceedings they face until the scheduled completion of sale transactions, officials said. "Bid documents are being amended," a government official told ET, adding that the idea is to seek details about the type of cases they face until the scheduled completion of the proposed divestments. The bid documents would clearly spell out the kind of legal cases that would turn out to be deal breakers. The official said the existing bid documents did require disclosures about legal proceedings, but those are now being further tightened to give more clarity to bidders.

<https://economictimes.indiatimes.com/news/economy/policy/ring-fencing-privatisation-bidders-may-soon-have-to-give-full-legal-disclosures/articleshow/94311399.cms>

Indian consumers have positive economic outlook amid inflation: EY study

Indian consumers tackling inflation are shifting to new brands often offered online, said a report on Monday. Indian consumers are concerned about rising costs but 71 per cent of them believe the economy will recover within a year, said the 10th edition of EY Future Consumer Index. All income levels are concerned about costs: 82 per cent of the rich, 72 per cent of the middle class and 67 per cent of people with low income. The report said the developed Western world had a pessimistic economic outlook compared to emerging markets. Over half of the consumers in the United States, 65 per cent in the United Kingdom, 84 per cent in Germany, and 85 per cent in France said life will be the same or will get worse in the next three years. As many as 49 per cent of Indian consumers said they are better off compared to some four months ago, and 83 per cent were positive that their financial situation would be better off within a year. Inflation and product cost were the top criteria for consumer purchases in global markets. For Indian consumers, health and goodness were equally important.

https://www.business-standard.com/article/economy-policy/inflationary-pressures-on-consumers-amidst-a-positive-economic-outlook-ey-122091900827_1.html

Banking and Finance

IBBI amends regulation to boost value of stressed cos undergoing insolvency

In a move that will provide better market-linked solutions for stressed companies, watchdog IBBI has amended its regulations to allow sale of one or more assets of an entity undergoing insolvency resolution process, besides other changes. Also, the Committee of Creditors (CoC) can now examine whether a compromise or an arrangement can be explored for a corporate debtor during the liquidation period. The Insolvency and Bankruptcy Board of India (IBBI) has amended the regulations with the "objective to maximise value in resolution" and they came into effect from September 16. As many as 1,703 Corporate Insolvency Resolution Processes (CIRPs) ended up in liquidation till the end of June this year. The regulator has permitted a resolution professional and the CoC to look for sale of one or more assets of the corporate debtor concerned in cases where there are no resolution plans for the whole business. https://www.business-standard.com/article/companies/ibbi-amends-regulation-to-boost-value-of-stressed-cos-undergoing-insolvency-122091900696_1.html

FM Nirmala Sitharaman urges IFC to scale up India lending to \$3.5 billion in 3-4 Years

India expects the International Finance Corporation to raise its lending to the country to \$2-2.5 billion in the next one or two years and to \$3-3.5 billion in the next 3-4 years. Finance minister Nirmala Sitharaman conveyed this to IFC managing director Makhtar Diop at a meeting on Monday. Diop, who is visiting the country, said the World Bank's private sector investment arm would adopt a proactive approach to enhance investment in the country and extend financing to micro, small and medium enterprises (MSMEs) to enable capacity building for supplementing India's efforts to become a manufacturing hub, the finance ministry said in a series of tweets. <https://economictimes.indiatimes.com/news/economy/finance/fm-nirmala-sitharaman-urges-ifc-to-scale-up-india-lending-to-3-5-billion-in-3-4-years/articleshow/94311514.cms>

Regional rural banks too may get cover for education loans

The government could include regional rural banks or RRBs under the Credit Guarantee Fund Scheme for Education Loans or CGFSEL as it looks to further push education loans. "We are examining this...whether a separate structure is required or this can be incorporated within the existing architecture," said an official aware of the developments. Under CGFSEL, default in education loan is covered if the loan limit is ₹7.5 lakh without any collateral security and third-party guarantee. At present, the fund extends guarantee cover against default in education loans sanctioned by public, private and foreign banks. <https://economictimes.indiatimes.com/industry/banking/finance/banking/regional-rural-banks-too-may-get-cover-for-education-loans/articleshow/94311274.cms>

Tax collections to exceed budget estimates, says Revenue Secretary

Revenue Secretary Tarun Bajaj on Monday said he expects both direct and indirect tax collections to exceed budget estimates. "I can say without any doubt at this stage that yes, definitely in both direct as well as indirect taxes, we will exceed the budget estimates. In direct taxes, we may exceed by a big margin as compared to indirect taxes because in indirect taxes, we also reduce the excise duty," Bajaj told BusinessLine. For FY23, Budget sets the target of ₹14.2 lakh crore and ₹13.37 lakh crore from direct and indirect tax, respectively. On Sunday, the Finance Ministry said that gross collection of direct taxes for FY23, as on September 17, rose by 30 per cent to over ₹8.36 lakh crore from over ₹6.42 lakh crore. During the same period, the net collections (gross minus refund) was over ₹7 lakh crore as against ₹5.68 lakh crore, representing an increase of 23 per cent. <https://www.thehindubusinessline.com/economy/tax-collections-to-exceed-budget-estimates-says-revenue-secretary/article65910226.ece>

FY23 credit growth seen at 13%; deposit rates set to move higher: Ind-Ra

Bank deposit rates are likely to go up further as credit growth is outpacing the deposit growth by a wide margin, a domestic rating agency said on Monday. As of August 26, system-level credit growth stood at 15.5 per cent as against 9.5 per cent on the deposit front, which set to intensify competition for deposits as lenders jostle to arrange the funds to fuel the loan demand, India Ratings and Research said. "Deposits rates to continue to move higher as credit demand strongly outpaces deposit generation," the rating agency said. The agency also upwardly reviewed its credit growth estimate to 13 per cent from the earlier expectation of 10 per cent, on higher working capital demand, shift to bank lending from capital markets and revival in demand from the corporate segment, it said.

<https://economictimes.indiatimes.com/news/economy/finance/fy23-credit-growth-seen-at-13-deposit-rates-set-to-move-higher-ind-ra/articleshow/94309632.cms>

Gold loan NBFCs report 12% uptick in credit demand from agri sector

Gold loan non-banking financial companies have seen up to 12% uptick in credit demand from the farming sector in the ongoing kharif season. Paddy, fish farming and shrimp farming have led the increase in credit demand, said industry executives. "The credit demand from farming in general is high. Fish farming and shrimp farming have shown more demand during the ongoing kharif season," said George Alexander Muthoot, managing director, Muthoot Finance. The economic rebound and the prospect of above normal monsoon have brightened the prospect of a good kharif season, said Indel Money CEO Umesh Mohanan. "We have witnessed healthy demand from farming segments for gold loans to meet short-term capital requirements," he said.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/gold-loan-nbfc-report-12-uptick-in-credit-demand-from-agri-sector/articleshow/94311354.cms>

Industry

Festive fervour: Indian business gear up for COVID-19 curb-free celebrations after three years

For the first time in three years, Indian businesses are set to celebrate the festive season minus COVID-19 curbs. As the festive season rolls around, India's many small businesses are hiring temporary workers, while the bigger ones are expanding to smaller cities and launching new products. With the Hindu festivals of Durga Puja and Diwali taking up the majority of September and November, even e-commerce giants Amazon and Flipkart are gearing up for deep discounts with their annual sales already announced. "Consumer sentiment is very upbeat after two years of restrictions," CAIT Secretary-General Praveen Khandelwal, who has travelled to many parts of the country this month to urge traders to stock up and ensure they have a variety of products to compete with online players, told Reuters.

<https://economictimes.indiatimes.com/news/economy/indicators/festive-fervour-indian-business-gear-up-for-covid-19-curb-free-celebrations-after-three-years/articleshow/94304905.cms>

Despite a surge in FMCG volumes, beverages and homecare products witness decline in sales

Even as the fast-moving consumer (FMCG) goods have witnessed a surge in demand during the festive season, beverages and homecare product segments have seen a decline in consumption. Products that have witnessed growth in sales over the last three months include packaged food, personal care, confectionery and commodities. As per a data sourced by BusinessLine from Bizom, a retail intelligence platform that tracks consumer product sales from 7.5 million outlets, beverages witnessed a 12.7 per cent drop in sales in August while homecare products have witnessed 11.1 per cent dip in sales. Beverage products saw a 42.2 per cent drop in sales in July m-o-m as compared to 8.8 per cent drop in June. Homecare products witnessed a 3.7 percent drop in sales in July and 1.8 per cent growth in sales in June. "The inflation has impacted big-ticket consumer products which were heavy on the pocket while in the beverage industry, where the juices and aerated drinks start at ₹10 has seen a rise in consumptions," said Mitkaran Singh Ghai, Co-founder, Groovy Juice (Enhaz Beverages).

<https://www.thehindubusinessline.com/companies/despite-a-surge-in-fmcg-volumes-beverages-and-homecare-products-witness-decline-in-sales/article65910328.ece>

Operating margins in FMCG likely to remain skewed despite input cost corrections

Despite recent corrections in input costs across commodity baskets, operating margins are likely to remain skewed in the FMCG sector ahead of the festive season. Over last 12-18 months have led to gross margin decline for most consumer staples companies, and unprecedented inflation and volatility in input costs across commodity baskets. However, the recent correction in a few commodities and management commentaries have likely led to consensus expecting operating margin expansion in 2HFY23. Industry experts seem to believe that there is not enough reason to be excited about it. The reasons, according to them are that the gross margins are unlikely to recover to pre-inflation levels as price increases have been lower than inflation in most cases. Secondly, companies will have to pass on the input correction benefits to end-consumer, given the subdued demand situation for volume growth. Lastly, most large FMCG companies have under-invested (in absolute terms) in advertising and promotion (A&P) spends over FY20-22.

<https://www.thehindubusinessline.com/economy/operating-margins-in-fmcg-likely-to-remain-skewed-despite-input-cost-corrections/article65910529.ece>

Phone cos have offers to help you go premium

Premium flagship smartphones are seeing heaviest discounts in the lead-up to the upcoming festive season sales, with market trackers expecting nearly 52 million smartphones to be sold during the period, raking in around Rs 1.44 lakh crore in revenues for the smartphone industry. Nearly 38% of volume sales are likely to comprise premium 5G smartphones in the Rs 25-50K price range, while the luxe segment (Rs 50K and above) is slated to garner almost 67% of total revenues during the September/October festive season till Diwali, according to TechArc. "With the heightened interest in 5G-enabled devices amongst consumers across the country, our priority is also to strengthen our product portfolio with 5G offerings," said Anuj Sharma, CMO, Xiaomi India. The research firm said the highlight of this year's festive season sales is a shift towards the premium segment with brands such as Apple, Samsung, OnePlus, Vivo, Oppo, Realme and Xiaomi likely to be aggressive in that category.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/phone-cos-have-juicy-offers-to-help-you-go-premium/articleshow/94311455.cms>

EVs spur major churn in auto industry

The shift to electric vehicles (EVs) has triggered a major churn in the automobile industry which will require an unprecedented level of re-skilling of the engineering workforce for future growth. At every stage of production, assembly lines will need to step up as EV manufacturing has pushed a migration from mechanics to electronics. A cross-section of industry veterans and experts BusinessLine spoke to said there would be struggle to manage and retain the right talent. They believe there is a dynamic transformation in the electronics of the vehicles and complexity of automobile engineering. This simultaneously translates into creation of jobs with TeamLease and the Ministry of Heavy Industries estimating that the EV industry will generate 7.5 lakh jobs in the next five years.

<https://www.thehindubusinessline.com/economy/evs-spur-major-churn-in-auto-industry/article65909787.ece>

Agriculture

Centre to soon rope in private players for foodgrains procurement

The Centre will soon invite private players along with Food Corporation of India and other state agencies to procure foodgrains for buffer stock, food secretary Sudhanshu Pandey said on Monday. He informed that the Union food ministry has already written to all the state governments regarding this. Addressing 82nd annual general meeting of Roller Flour Millers Federation of India, Pandey said that the Centre has given two clear messages to the state governments regarding procurement of foodgrains. One is that the Centre would provide up to 2 per cent incidental expenses on the procurement undertaken by the state governments. Second, it wants to rope in private sector to buy foodgrains for the central buffer stock with an aim to improve efficiency and reduce the cost of procurement, he said. "We also want to involve private sector in the procurement process. Why only FCI and state agencies should be procuring?" he asked.

<https://www.financialexpress.com/economy/centre-to-soon-rope-in-private-players-for-foodgrains-procurement/2675052/>

Maharashtra to produce record sugar levels in new season

India's top sugar producing state of Maharashtra is set to churn out record levels for the second year in a row as farmers have expanded the growing area for the cane crop, the state government said in a statement on Monday. Higher production will weigh on local prices and may prompt New Delhi to allow sugar exports in the 2022/23 marketing year starting from Oct. 1. Indian exports could weigh on global sugar prices. Maharashtra could produce 13.8 million tonnes of sugar in the season, slightly higher than 13.7 million tonnes this year, the state government said.

<https://economictimes.indiatimes.com/news/economy/agriculture/maharashtra-to-produce-record-sugar-levels-in-new-season/articleshow/94307263.cms>

Energy

Oil ministry seeks review of windfall tax; wants certain fields exempt

The oil ministry has sought a review of the two-and-a-half-month old windfall profit tax on domestically produced crude oil saying it goes against the principle of fiscal stability provided in contracts for finding and producing oil. The ministry in the August 12 letter, reviewed by PTI, sought exemption for fields or blocks, which were bid out to companies under Production Sharing Contract (PSC) and Revenue Sharing Contract (RSC), from the new levy. It stated that companies have been since the 1990s awarded blocks or areas for exploration and production of oil and natural gas under different contractual regimes, wherein a royalty and cess is levied and the government gets a pre-determined percentage of profits. The ministry, according to the letter, was of the opinion that the contracts have an in-built mechanism to factor in high prices as incremental gains get transferred in form of higher profit share for the government.

<https://www.financialexpress.com/industry/oil-ministry-seeks-review-of-windfall-tax-wants-certain-fields-exempt/2673436/>

Government to replace up to 30,000 old buses in electrification drive

The Centre is seeking to replace up to 30,000 diesel-run polluting buses with electric powertrain vehicles in the next 2-3 years, marking India's giant leap toward clean mobility and offering bus makers a \$3.5-billion business opportunity. Convergence Energy Services Limited (CESL) - the state-run company that handles the acquisition of EVs for central and state government departments - said the size of the programme could expand more than three-fold over time. CESL managing director Mahua Acharya told ET that buses are an area of the highest impact, socially and environmentally, with the potential to expand the EV fleet size to about 100,000 units. "It (100,000 units) is very much doable. Switching public transport buses to electric would substantially help in reducing the crude imports, which is a priority for the government," said Acharya.

<https://economictimes.indiatimes.com/industry/renewables/government-to-replace-up-to-30000-old-buses-in-electrification-drive/articleshow/94311602.cms>

States

Karnataka government withdraws Industrial Disputes Amendment Bill

The Karnataka government on Monday withdrew the Karnataka Industrial Disputes and Certain Other Laws (Karnataka Amendment) Bill 2020. The Bill that tweaks labour laws was passed in the legislative assembly, but got defeated in the Council by the united opposition of Congress and JD(S), which have majority there. Karnataka Labour Minister Arabail Shivaram Hebbar told PTI: "We decided to withdraw the law after the Centre introduced four labour codes. There is no need for two laws on one issue – one by the Centre and another by the State."

<https://economictimes.indiatimes.com/news/economy/policy/karnataka-government-withdraws-industrial-disputes-amendment-bill/articleshow/94308215.cms>

Healthcare

US drug regulator resumes surprise inspections in India

The US drug regulator has stepped up its inspection activity in India, and plans to have more surprise or 'short notice' inspections, ending the two-year reprieve from 'warning letters' and other regulatory measures that Indian drug makers have enjoyed since the onset of the Covid-19 pandemic. "In terms of (inspection) activity (in India) we are getting closer to pre-pandemic levels," Sarah McMullen, country director - India at US Food and Drug Administration (USFDA) told ET, at the sidelines of a recent industry event in Mumbai. McMullen said that the US regulator has resumed surprise inspections in India.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/healthcare/us-drug-regulator-resumes-surprise-inspections-in-india/articleshow/94311463.cms>

External

Govt to soon announce sugar export quota for 2022-23 market year: Food Secretary

The government will soon announce export quota of sugar for next marketing year starting October, Food Secretary Sudhanshu Pandey said on Monday. He however did not disclose the quantity of sugar that will be allowed for export

in 2022-23 marketing year. "We will soon announce the sugar export policy for next season," Pandey told reporters here on the sidelines of 82th AGM of Roller Flour Millers Federation of India (RFMFI). In May, the government had allowed exports of 100 lakh tonne of sugar, but later allowed another 12 lakh tonne. This took the total export quota for 2021-22 marketing year to 112 lakh tonne.

<https://www.financialexpress.com/market/commodities/govt-to-soon-announce-sugar-export-quota-for-2022-23-market-year-food-secretary/2673287/>

US, Australia, Brazil call for joint consultations at WTO on India's food procurement

India's minimum support price (MSP) programme for foodgrain is facing increased scrutiny at the WTO with a group of nine countries, including the US, Australia, Canada, Brazil and Thailand, shooting off a fresh letter asking New Delhi for joint consultation to examine if it is adhering to all conditions stipulated by the multilateral body. The countries, at a recent meeting of the WTO, expressed concerns about India not providing full information in its notifications related to its public stockholding programmes and dodging questions. The group of nine also includes Japan, New Zealand, Paraguay and Uruguay.

<https://www.thehindubusinessline.com/economy/us-australia-brazil-call-for-joint-consultations-at-wto-on-indias-food-procurement/article65910410.ece>

India spending forex reserves at quicker pace than during taper tantrum

India's central bank is using up its foreign exchange reserves at a quicker pace than during the taper-tantrum period in 2013 as it tries to prevent an overshoot in the rupee, but a larger pool of reserves may allow it to support the currency for some more time, economists said. The Reserve Bank of India has sold a net of \$38.8 billion from its forex reserves between January and July this year, data released on Friday showed. A net of \$19 billion was sold in July alone, the most recent data available, and intervention remained heavy in August when the rupee fell below 80 against the dollar, traders said. Alongside its intervention in the spot market, the central bank's forward dollar holdings have fallen to \$22 billion from \$64 billion in April. In 2013, the RBI had sold a net of \$14 billion in the June to September period after the so-called taper tantrum-when U.S. Treasury yields spiked after the Federal Reserve said it would slow its pace of bond buybacks-had put pressure on emerging economy currencies, including the rupee.

https://www.business-standard.com/article/economy-policy/india-spending-forex-reserves-at-quicker-pace-than-during-taper-tantrum-122091900389_1.html

India, Saudi Arabia discuss Rupee-Riyal trade, UPI payment system

India and Saudi Arabia have held discussions on the feasibility of institutionalising Rupee-Riyal trade, and introduction of UPI and Rupay cards in the kingdom, the commerce ministry said on Monday. These issues, among others, were discussed during the visit of Commerce and Industry Minister Piyush Goyal to Riyadh during September 18-19. He attended the ministerial meeting of the India-Saudi Arabia Strategic Partnership Council. Goyal and Saudi Minister for Energy Prince Abdulaziz bin Salman Al-Saud co-chaired the ministerial meeting of the Committee on Economy and Investments of the council.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-saudi-arabia-discuss-rupee-riyal-trade-upi-payment-system/articleshow/94307505.cms>

Current account deficit expected to reach 3.4% in Apr-June: India Ratings

India Ratings expects the current account deficit to hit a 36-quarter high of 3.4 per cent of GDP or USD 28.4 billion in the June quarter, against a 0.9 per cent surplus a year ago. In the March 2022 quarter, the deficit was a moderate 1.5 per cent or USD 13.4 billion, while in Q1FY22 the current account surplus was USD 6.6 billion or 0.9 per cent of GDP when the country was hit by the second wave of the pandemic, according to the agency. As a share of GDP, the current account deficit is expected to jump to a 36-quarter high after the 1QFY14 when it was 4.7 per cent. In absolute terms, it will be at a 38-quarter high after 3QFY13 when the deficit was USD 31.8 billion, India Ratings said in a note on Monday. Although merchandise exports touched a record high of USD 121.2 billion in Q1FY23, outward shipments are likely to slow down and come in at USD104.2 billion in Q2FY23, growing by a meagre 1.4 per cent in Q2 due to global headwinds.

https://www.business-standard.com/article/economy-policy/current-account-deficit-expected-to-reach-3-4-in-apr-june-india-ratings-122091900786_1.html