



September 26, 2022 – Monday

Economy

Tax collections to continue rising trend in coming months: Experts

The trend of increase in income tax collection is expected to continue in the coming months on increased compliance, higher corporate profitability and increased trade in festive season, experts said. The gross direct tax collection grew 30 per cent to Rs 8.36 lakh crore in the April to mid-September period of the current fiscal on increased corporate tax and personal income tax (PIT) mop up due to increased economic activity. Deloitte India Partner Rohinton Sidhwa said the reason for rising tax collection, aside from the increase in economic activity, is attributable to the marked increase in compliance demonstrated by the number of returns filed. EY India Tax & Regulatory Services Partner Sudhir Kapadia said India Inc has seen a robust increase in profitable growth, aided to some extent by an increase in consumer prices due to higher inflation. Robust increase in PIT shows that earnings of individuals have been on the rise, as also those of proprietary and partnership businesses.

<https://www.financialexpress.com/economy/tax-collections-to-continue-rising-trend-in-coming-months-experts/2690198/>

Banking and Finance

High NPAs in education loan segment turn banks cautious

High defaults of about 8 per cent in the education loan portfolio have made banks cautious and go slow on the sanction of such credit. Non-performing assets (NPAs) in the education loan category including public sector banks' (PSBs) were 7.82 per cent at the end of June quarter of the current financial year. Outstanding education loans were about Rs 80,000 crore at June-end. Cautious approach is adopted at the end of branches while sanctioning education loans due to high NPAs, a senior public sector bank official said. As a result some genuine cases are overlooked and there are delays, the official said. Recently, the finance ministry had called a meeting of PSBs to take stock of the education loan portfolio and cut down on delay. The ministry exhorted banks to spread awareness about the Central Sector Interest Subsidy Scheme among field formations.

<https://www.financialexpress.com/industry/banking-finance/high-npas-in-education-loan-segment-turn-banks-cautious/2690290/>

RBI set for fourth straight rate hike to quell inflation, say experts

The Reserve Bank of India (RBI) may take cues from its global counterparts, including the US Federal Reserve, to raise interest rate for the fourth time in a row on Friday to tame stubborn inflation. The RBI, which has since May raised the short-term lending rate (repo) by 140 basis points (bps), may again go for a 50-bps increase to take it to a three-year high of 5.9 per cent, say experts. The RBI Governor-headed Monetary Policy Committee (MPC) is scheduled to start its three-day deliberations on Wednesday. The decision of the rate-setting panel would be announced on Friday (September 30). The US Fed delivered third consecutive rate hike after it raised the rates by 75 bps to take the target range to 3 – 3.25 per cent. The central banks of the UK and the EU have also gone for rate hikes to tame inflation. Madan Sabnavis, Chief Economist at Bank of Baroda, said inflation in India remains high at around 7 per cent and is unlikely to come down any time soon. "This means that a rate hike is given. The quantum is what the market would be interested in. While a hike of 25-35 bps would have signaled that the RBI is confident that the worst of inflation

is over, the recent developments in the forex market could prompt a higher quantum of 50 bps to stay on track with other markets so as to retain investor interest,” he said. The government has tasked the RBI to ensure the retail inflation remains at 4 per cent, with a margin of 2 per cent on either side.

<https://www.financialexpress.com/economy/rbi-set-for-fourth-straight-rate-hike-to-quell-inflation-say-experts/2690317/>

MFs add 7 mn accounts in 5 months of FY23 as awareness, digital access rise

With increase in digital access and growing awareness about mutual funds, asset management companies (AMCs) have added close to 70 lakh investor accounts in the first five months of the current fiscal, bringing the total to 13.65 crore. This came following an addition of 3.17 crore investor accounts in 2021-22 and 81 lakh accounts (or folios in mutual fund parlance) in 2020-21, data with the Association of Mutual Funds in India (Amfi) showed. The sharp increase in mutual fund (MF) folio count implies that a lot of new investors are coming into the capital markets and are embracing mutual funds as their preferred vehicle for investing.

https://www.business-standard.com/article/markets/mfs-add-7-mn-accounts-in-5-months-of-fy23-as-awareness-digital-access-rise-122092500261_1.html

Industry

Engineering sector MSMEs seek production linked incentive scheme

An engineering sector's body of MSMEs has demanded from the government to announce a production linked incentive scheme (PLI) for the industry to boost domestic manufacturing, exports and job creation. In a communication to the commerce ministry, Ludhiana-based Hand Tools Association said that the sector provides employment to 7.25 workers for every Rs 1-crore sale per year on an average as compared to the job creation ratio of 4.75 in bicycle industry and 5-6 in textiles. Exports of hand tools industry is about Rs 3,200 crore annually. The association's President S C Ralhan said that the Indian hand tools industry has a long way to go in order to realise its full potential and it holds huge possibilities. But the main challenge is rapid modernisation, he added. "The total hand tools industry globally is Rs 30,000 crore and there is aggregate potential for modernisation and growth. Thus we request that the government should prioritise the industry and also bring it under the PLI scheme," Ralhan added.

<https://www.financialexpress.com/industry/sme/engineering-sector-msmes-seek-production-linked-incentive-scheme/2690130/>

Breezy start to ecommerce festive sales, 28% growth in first 2 days

The ecommerce festive season sales that started on Friday have seen volume growth of 28% in the first two days compared with last year, according to data from ecommerce enablement firm Unicommerce. The data do not include smartphone sales. Unicommerce said personal care, which includes products like lotions, hair dyes, lipsticks, cosmetics, creams, deodorants, and bath soaps, was the fastest growing segment with a more than 70% increase in order volumes in the first two days. The electronics segment has reported a 48% volume expansion, driven by audio products and smart wearables.

<https://economictimes.indiatimes.com/tech/technology/online-festive-sales-excluding-smartphones-grow-28-in-first-two-days/articleshow/94439403.cms>

Premiumisation gathers momentum in domestic motorcycle market

As the entry-level motorcycle segment reports fragile recovery, two-wheeler makers are stepping up their focus on bike categories with higher cubic capacity (CC), which present better growth outlook amid easing supply-chain constraints. Though there has been positive growth in the entry-level bike segment this fiscal compared with the second wave-hit previous fiscal, the recovery in demand has not been stable. For instance, the 110 CC and below category, which accounts for more than 50 per cent of the motorcycle market in India, reported a decline in July, but in August, the volumes grew. Continuing weak sentiments among rural buyers, which account for the bulk of sales in this category, impacted volumes in this category.

Besides, higher vehicle costs and a spike in fuel prices in this price-sensitive category have also impacted the demand. CRISIL Research estimates that two-wheelers' cost of ownership is expected to increase 6-8 per cent this fiscal due to price hikes by OEMs to offset material price increases, interest rate hikes and fuel costs.

<https://www.thehindubusinessline.com/economy/premiumisation-gathers-momentum-in-domestic-motorcycle-market/article65934399.ece>

FSSAI's proposed front-of-the pack labelling norms evinces mixed response from industry

The draft regulation proposing front-of-the-pack nutritional labelling (FOPNL) in the form of star ratings by the Food Safety and Standards Authority of India (FSSAI) has evinced mixed reactions. Some players believe the regulations should be tailored to Indian dietary patterns so that they don't end up being discriminatory to Indian traditional and ethnic food industry. Others said star ratings will emerge as one of the parameters to influence consumers' choices. Under the proposed star rating system, food products will be assigned star ratings (1-5 stars) based on their nutritional profiles. More stars will indicate that the food product is better positioned to provide for the daily human need of nutrients. Once finalised, the star ratings will be voluntary in nature for the first four years.

<https://www.thehindubusinessline.com/economy/fssais-proposed-front-of-the-pack-labelling-norms-evinces-mixed-response-from-industry/article65934579.ece>

E-invoicing for businesses having turnover more than ₹5 crore from next year

E-invoicing for businesses with aggregate turnover exceeding ₹5 crore will be mandatory from next year. At present, the threshold is ₹20 crore, which is going to come down to ₹10 crore from October 1. "The system is ready to facilitate e-invoicing for threshold of over ₹10 crore. Our effort is to lower the threshold to ₹5 crore from next year for which a notification prescribing the exact date is to be issued later," a senior Government official told BusinessLine.

<https://www.thehindubusinessline.com/economy/e-invoicing-for-businesses-having-turnover-more-than-5-crore-from-next-year/article65934136.ece>

Only 5.8% of women MSMEs got govt help during pandemic: ICRIER report

A survey of 308 women in the MSME sector by the economic policy think tank ICRIER and development bank NABARD has said that 88.4 per cent of MSME owners reported adverse effects of the pandemic on their business while only 5.8 per cent of them received help from the government during the pandemic. The survey report Digital Financial Inclusion of Women in MSMEs: G20 and India launched on Friday studied the achievements and gaps in digital financial inclusion of women and MSMEs in India. "The MSME owners want government support in terms of simplified procedures for women entrepreneurs to obtain loans, reduced paperwork, faster approvals, more time for repayment and infrastructure upgradation programmes. Despite the government introducing several schemes to promote access to finance for women entrepreneurs, there is a lack of awareness among women in the MSME sector," the report said.

<https://www.financialexpress.com/industry/sme/msme-eodb-only-5-8-of-women-msmes-got-help-from-govt-during-pandemic-icrier-report/2690304/>

Surge in temporary jobs for women as companies embrace diversity

India Inc's increasing focus on gender diversity is manifesting itself even in the festive-season temporary hirings - and ecommerce companies are at the vanguard of this initiative. With multiple online sales underway and an unprecedented demand for temp workers this festive season, leading staffing firms including Randstad, CIEL HR Services, Qess and TeamLease Services told ET that companies are trying to be more inclusive and have a clear ask: to try and induct more women into temp roles. "Women hiring in contract roles is a lot better now. Although the absolute number of requirements compared to men is not significant, in percentage terms, it has seen a 100%-plus jump," said Aditya Narayan Mishra, CEO, CIEL HR Services. Companies are hiring women for various roles in the warehouse and supply chain to leverage the unique strengths they bring to the table. But delivery roles are yet to see more women as many companies still consider it a job suitable only for men.

<https://economictimes.indiatimes.com/news/company/corporate-trends/surge-in-temporary-jobs-for-women-as-companies-embrace-diversity/articleshow/94424748.cms>

Infrastructure

393 infra projects show cost overruns of Rs 4.65 trillion, says report

As many as 393 infrastructure projects, each entailing an investment of Rs 150 crore or more, have been hit by cost overruns of more than Rs 4.65 lakh crore, as per a report. According to the Ministry of Statistics and Programme Implementation, which monitors infrastructure projects of Rs 150 crore and above, out of 1,526 projects, 393 reported cost overruns and as many as 647 projects were delayed. According to the report, the expenditure incurred on these projects till August 2022 was Rs 13,60,645.94 crore, or 52.49 percent of the anticipated cost of the projects. However, the number of delayed projects decreases to 500 if delay is calculated on the basis of latest schedule of completion. Further, it showed that for 607 projects neither the year of commissioning nor the tentative gestation period has been reported. Out of the 647 delayed projects, 132 have overall delays in the range of 1-12 months, 118 have been delayed for 13-24 months, 273 projects for 25-60 months and 124 projects have been delayed for 61 months and above.

https://www.business-standard.com/article/economy-policy/393-infra-projects-show-cost-overruns-of-rs-4-65-trillion-says-report-122092500244_1.html

DPIIT to hold series of workshops, deliberations with stakeholders on logistics policy

The Department for Promotion of Industry and Internal Trade (DPIIT) will hold a series of workshops and deliberations in the coming months with all stakeholders on the recently launched National Logistics Policy, an official said. On September 17, Prime Minister Narendra Modi unveiled the National Logistics Policy that seeks to address challenges facing the transport sector and bring down the logistics cost of businesses from 13-14 per cent to single digits in the coming years. The policy has set targets and includes a detailed action plan to achieve them. The targets are -- to reduce cost of logistics in India to be comparable to global benchmarks by 2030; improve the Logistics Performance Index ranking, to be among top 25 countries by 2030; and create data-driven decision support mechanism for an efficient logistics ecosystem.

<https://economictimes.indiatimes.com/industry/transportation/shipping/-/transport/dpiit-to-hold-series-of-workshops-deliberations-with-stakeholders-on-logistics-policy/articleshow/94431035.cms>

Energy

Natural gas price to rise to record level this week

Prices of natural gas, which is used to generate electricity, make fertiliser and is converted into CNG to run automobiles, is likely to rise to record levels at the rate review scheduled this week, sources said. The government-dictated price for natural gas produced in the country is to be revised on October 1. After factoring in the spike in energy prices witnessed in recent months, the rate paid for gas produced from old fields such as of state-owned Oil and Natural Gas Corporation (ONGC) is likely to rise to USD 9 per million British thermal units from current USD 6.1. Simultaneously, difficult fields like the ones in Reliance Industries Ltd and its partner bp plc operated D6 block in KG basin, are likely to get around USD 12 mmBtu compared to the current rate of USD 9.92, two sources aware of the matter said. These are the highest rates for administered/regulated fields (like ONGC's Bassein field off the Mumbai coast) and free-market areas (such as the KG basin). Also, this will be the third increase in rates since April 2019, and comes on the back of firming benchmark international prices.

<https://www.financialexpress.com/market/commodities/natural-gas-price-to-rise-to-record-level-this-week/2690158/>

With comfortable coal stocks, no power crisis this festive season

India is unlikely to see a repeat of the 2021 energy crisis this festive season as coal-fired power stations across the country have comfortable levels of the fuel stock to meet electricity demand of the world's fastest expanding major economy. Learning lessons from the October 2021 energy crisis, when power stations were put on outage alert, due to coal stocks falling to the lowest level in years, the ministries of coal and power as well as railways this year have worked out a plan to ensure adequate fuel stocks at electricity generating units, officials said. With coal used to produce almost 70 per cent of electricity, officials are confident that the 2021 crisis will not be repeated this festive season that kicks in a week's time. Electricity demand in India has soared with a rebound in industrial activity after easing of pandemic-related curbs. And the increased lightning needs during the festive season is likely to send the demand shooting.

<https://www.financialexpress.com/economy/with-comfortable-coal-stocks-no-power-crisis-this-festive-season/2690262/>

Govt exploring VGF, grid-scale PLI scheme for battery storage: Power Minister

The government is working on voluntary gap funding (VGF) for battery storage projects, as well as floating a production linked incentive (PLI) scheme for grid-scale storage, said Power Minister RK Singh. In an interview to BusinessLine, Singh said the government is also exploring two grid-scale technologies for Energy Storage System (ESS). Excerpts from the interview:

<https://www.thehindubusinessline.com/economy/govt-exploring-vgf-grid-scale-pli-scheme-for-battery-storage-power-minister/article65934027.ece>

Telecom

New telecom bill may further dilute regulator's power, fear ex-officials

Former officials of the Telecom Regulatory Authority of India (Trai) and the Department of Telecommunications (DoT) have said if the draft telecom bill in its current form becomes law, it could further dilute the sector regulator's powers. Such a scenario, they cautioned, could potentially weaken the regulatory environment, lead to greater government interference in policy making, hurt consumer interests and even lead to a decline in quality of telecom services. "Trai's regulatory powers are already far less than those of Ofcom and other global counterparts in the US, Europe or even in Pakistan, and if the draft telecom bill leads to a further curtailment of its powers, it would be a retrograde step as a toothless telecom regulator would not be in the interest of consumers or the industry and would also impact investor confidence in future," Sudhir Gupta, former Trai secretary, told ET.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/new-telecom-bill-may-further-dilute-regulators-power-fear-ex-officials/articleshow/94440598.cms>

DoT set to beat FY23 telecom revenue target

After exceeding the budgeted target of revenue receipts from the telecom sector in FY22, the government is set to repeat the feat in FY23 as well, with likely earnings of ₹67,000 crore as against the target of ₹52,806.36 crore. The mop up can be made possible because of Bharat Sanchar Nigam (BSNL), which will pay around ₹30,000 crore to the Department of Telecommunications (DoT) for spectrum allotment in the 900 MHz and 1,800 Mhz bands, say officials. In addition, the government has mopped up higher than expected proceeds from the recent spectrum auctions. Apart from upfront spectrum payments and BSNL receipts, the DoT would get around ₹14,000 crore as licence fee proceeds and another ₹5,000 crore as spectrum usage charges (SUC). The DoT used to get around ₹7,000 crore annually as SUC proceeds but going forward, the amount will start to decrease as there won't be any SUC on airwaves bought in the auctions. For the spectrum bought in the 5G auction, telcos don't have to pay any SUC.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/dot-set-to-beat-fy23-telecom-revenue-target/articleshow/94440610.cms>

States

Rajasthan approves Rs 100 cr additional package for small businesses; provides exemptions for exporters

Rajasthan Chief Minister Ashok Gehlot has approved an additional financial support of Rs 100 crore for a scheme to promote small businesses, said a statement by the state's Department of Information & Public Relations (DIPR). "This will help in the smooth operation of the scheme and increase the number of beneficiaries," the government said. Gehlot had proposed a financial package of Rs 150 crore under the 'Mukhyamantri Laghu Protsahan Yojana' in the 2022-23 budget to encourage MSMEs and for easy loan access to investors. "Approval of about Rs 58 crore was already given earlier for the scheme. In pursuance of the announcement, CM Gehlot approved an additional budget provision of Rs 100 crore. Considering the popularity of the scheme, the provisional budget has been increased," the statement said on Saturday.

<https://www.financialexpress.com/industry/sme/msme-fin-rajasthan-approves-rs-100-cr-additional-package-for-small-businesses-provides-exemptions-for-exporters/2690442/>

External

Post FTA, non-petroleum exports to UAE up 14% in June-August: Govt

The commerce and industry minister Piyush Goyal on Sunday said that India's non-petroleum exports to the United Arab Emirates (UAE) grew 14 per cent year on year to \$5.92 billion during June-August, from \$5.17 billion a year ago. The India-UAE Comprehensive Economic Partnership Agreement (CEPA), which kicked in on May 1, is already creating a 'significant positive impact' on the trade between the two nations. The government said it did not include the month of May in the analysis as it is considered a transitory period. "It is pertinent to note that India's global non-petroleum exports during the same period (June-August 2022) grew by three per cent on an annual basis. This implies the growth rate of India's non-petroleum exports to the UAE is almost five times that of India's non-petroleum exports to the (rest of) world," an official statement said. The jump was primarily led by gems and jewellery, electrical equipment, among other items.

https://www.business-standard.com/article/economy-policy/post-fta-non-petroleum-exports-to-uae-up-14-in-june-august-govt-122092500780_1.html

Engineering exports to China, EU fall on demand slowdown, shipments to US rise in August

India's engineering goods exports to China nosedived over 70 percent in August 2022 to US\$ 173.7 million as compared to US\$ 619.5 million in the same month last year. As per Engineering Export Promotion Council (EEPC) analysis, engineering exports to the European Union (EU) fell 27.3 percent year on year to US\$ 1.47 billion. With the demand from China, the EU, and other key markets slowing down substantially, overall engineering exports in August 2022 dropped by 12.64 percent to US\$ 8.4 billion as compared to US\$ 9.6 billion in August 2021, said the industry body. The 15% export duty on steel continued to weigh on engineering exports as India's iron and steel exports dropped by 62.2 percent in August 2022 on a year-on-year basis.

<https://economictimes.indiatimes.com/small-biz/trade/exports/insights/engineering-exports-to-china-eu-fall-on-demand-slowdown-shipments-to-us-rise-in-august/articleshow/94417259.cms>

Rupee trade with Bangladesh likely as it fights forex crunch, say bankers

A dollar crunch in Bangladesh, dip in the country's foreign exchange reserves and a weakening taka may soon pave the way for a rupee loan line to Bangladesh and settlement of India's trade with the neighbour in local currency, according to banking circles. Two senior bankers told ET that in the wake of the turbulence faced by Bangladesh they expect a bilateral loan denominated in Indian rupees can be used by the country to pay for the imports from India. A framework for settling exports and imports invoiced in rupees is in place with the Reserve Bank of India's June 11 circular allowing special vostro accounts that banks of the partner country can have with banks in India.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/rupee-trade-with-bangladesh-likely-as-it-fights-forex-crunch-say-bankers/articleshow/94440303.cms>

Minerals in PLI products on Oz business delegation's India visit agenda

Ahead of the implementation of the India-Australia Economic Cooperation and Trade Agreement (ECTA), a 106-member business delegation from Canberra is visiting this week to forge ties across agriculture, critical minerals, infrastructure, digital health and education. "This visit is all about those commercial partnerships...to get business here to start talking. We have primarily focused on eight critical minerals including lithium, graphite, and titanium that are of equal value to both India and Australia," said Denise Eaton, Trade and Investment Commissioner, Australian Trade and Investment Commission. The minerals, used in electric vehicles and the medical devices, are an area of key interest for India as the country has launched Production Linked Incentive (PLI) schemes for these sectors.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/minerals-in-pli-products-on-oz-business-delegations-india-visit-agenda/articleshow/94433387.cms>