



September 27, 2022 – Tuesday

Economy

FM to meet state chief secretaries to push capex, flagship schemes

Finance minister Nirmala Sitharaman will meet state chief secretaries this week to push state capital expenditure and to have better synergy in implementation of flagship schemes. Sitharaman will also review performance of credit and other welfare schemes for scheduled castes in public sector banks on Tuesday, the finance ministry said in a statement on Monday. Credit given to persons belonging to the SC scheduled caste community as well as under various loan schemes such as Stand up India and PM Mudra Yojana will be reviewed at the meeting, the ministry said. "The FM will discuss the progress on capex, and the progress on the national infrastructure Pipeline and PM Gati Shakti," a government official told ET.

<https://economictimes.indiatimes.com/news/economy/finance/fm-to-meet-state-chief-secretaries-to-push-capex-flagship-schemes/articleshow/94463251.cms>

OECD retains India GDP growth projection at 6.9 pc for FY'23

Economic grouping OECD in a report on Monday retained the GDP growth projections for India at 6.9 per cent for the current financial year despite the global economy losing momentum in wake of the Russia-Ukraine war. The projection by the Organisation for Economic Cooperation and Development (OECD) is lower than the Reserve Bank's growth forecast of 7.2 for 2022-23. The growth last year (2021-22) was 8.7 per cent. Indian economy expanded by 13.5 per cent in the April-June quarter, sequentially higher than 4.10 per cent in the January-March period. "Softer external demand is a factor in India's projected slowdown from 8.7 per cent annual growth in FY2021-22 to around 7 per cent in FY 2022-23 and around 5% per cent in FY 2023-24, but this still represents rapid growth in the context of a weak global economy," the OECD's latest Interim Economic Outlook said. The global economy has lost momentum in the wake of Russia's war of aggression in Ukraine, which is dragging down growth and putting additional upward pressure on inflation worldwide, according to the OECD's latest Interim Economic Outlook.

<https://www.financialexpress.com/economy/oecd-retains-india-gdp-growth-projection-at-6-9-pc-for-fy23/2691640/>

S&P projects India's FY23 GDP growth at 7.3%, pegs inflation above 6%

S&P Global Ratings on Monday projected India's economic growth at 7.3 per cent in the current fiscal with downside risks and said inflation is likely to remain above RBI's upper tolerance threshold of 6 per cent till the end of 2022. In its Economic Outlook for Asia Pacific, S&P said India's growth next year will get support from domestic demand recovery after the coronavirus pandemic. "We have retained our India growth outlook at 7.3 per cent for the fiscal year 2022-2023 and 6.5 per cent for the next fiscal year, although we see the risks tilted to the downside," it said. Other agencies have cut India's GDP growth forecast amid higher inflation and rising policy interest rates. Earlier this month, Fitch Ratings slashed the growth estimate to 7 per cent for the current fiscal from 7.8 per cent pegged earlier. India Ratings & Research too had reduced its projections to 6.9 per cent from 7 per cent earlier.

https://www.business-standard.com/article/economy-policy/standard-and-poors-projects-india-s-gdp-growth-at-7-3-this-fiscal-122092600282_1.html

Global economy to grow at 2.7% in 2022, 2.3% in 2023: Moody's Analytics

Moody's Analytics on Monday predicted the global economy to grow at 2.7 per cent in 2022 and slow to 2.3 per cent in 2023. In its latest report, Moody's Analytics said the global environment is more fragile as record high inflation in the US and Europe continues to gain momentum while growth decelerates. Stagflation risks have risen worldwide, but a stagflationary environment would take months to be realised. Business sentiment remains muted and is consistent with a global economy that is just avoiding recession, Moody's Analytics said. According to the report, the global economy is at a crossroads, as the nascent post-pandemic recovery has quickly morphed into a darker and more fragile environment. According to the report, the performance remains uneven among the world's major economies -- the US, China, Japan, India, and the five largest economies in Western Europe. Outcomes will continue to diverge through 2023 due to differing trade and investment linkages to Russia and Ukraine, particularly in relation to energy products.

https://www.business-standard.com/article/international/global-economy-to-grow-at-2-7-in-2022-2-3-in-2023-moody-s-analytics-122092600452_1.html

Salaries in India likely to rise by 10.4 pc in 2023: Aon Survey

Corporate India is bullish about its strong business performance and expected to dole out a double-digit salary hike of as much as 10.4 per cent in 2023, a survey said on Monday. According to leading global professional services firm Aon Plc's latest Salary Increase Survey in India, remunerations in India are expected to increase by 10.4 per cent in 2023, compared to an actual increase of 10.6 per cent to date in 2022, which is slightly higher than the 9.9 per cent increase projected in February. The study that analysed data across 1,300 companies from more than 40 industries in India noted that the attrition rate for the first half of 2022 continued to be high at 20.3 per cent, marginally lower than the 21 per cent recorded in 2021, thus retaining the pressure on salaries. This trend is expected to continue for the next few months, the survey noted. "Despite the global recessionary headwinds and volatile domestic inflation, salary increases projected in India for 2023 are in the double digits," Roopank Chaudhary, partner, Human Capital Solutions at Aon in India, said. This increase is a reflection of the confidence that corporate India has in its strong business performance.

<https://www.financialexpress.com/industry/salaries-in-india-likely-to-rise-by-10-4-pc-in-2023-aon-survey/2691340/>

Banking and Finance

More CPSEs to go on the block, Govt starts process

The Government has initiated discussions on disinvestment/closure of various Central Public Sector Undertakings (CPSEs) under two ministries and three departments. The CPSEs include those under the Ministries of Housing & Urban Affairs and Health & Family Welfare, and the Departments of Pharmaceuticals, Telecommunications and Fertilisers. Three meetings of Committees of Group of Officers were held, a report by the Department of Public Enterprises said. A senior official said no name has been finalised, though the strategic disinvestment process has been initiated for some of them, such as HLL Life Care. There are 27 CPSEs under these departments and ministries, including nine under the Fertiliser Department. Some of the CPSEs are making huge losses. Discussions are on under the new CPSE policy, which prescribes closure or disinvestment in non-strategic sectors.

<https://www.thehindubusinessline.com/economy/government-initiates-talks-on-disinvestment-closure-of-cpses-under-two-ministries-three-departments/article65937866.ece>

India's lending potential for MSMEs likely to reach Rs 3 trillion by FY23: CEA V Anantha Nageswaran

The next wave in fintech will be the rise of cash flow-based lending to MSMEs, said V. Anantha Nageswaran, the Chief Economic Advisor to the Government of India. "The lending potential of about Rs 3 trillion next year itself for MSMEs will be based on GST Invoices and bank statements made available on account aggregator and banks adopting OCEN (Open Credit Enablement Network)." One of the biggest hurdles to the growth of India's micro, small and medium enterprises has been access to finance. According to the UK Sinha Committee report, the overall credit gap in the MSME sector stood at Rs 20-25 lakh crore. Sharing insights on the credit gap, Nageswaran said, "it is not just about access to loans, it is also about access to working capital. A part of the solution comes from enabling financial innovation which enables non-collateral-based lending while also enabling large enterprises to pay their bills on time."

<https://www.financialexpress.com/industry/sme/msme-fin-indias-lending-potential-for-msmes-likely-to-reach-rs-3-trillion-by-fy23-cea-v-anantha-nageswaran/2690819/>

42% small businesses, startups finding it difficult to file tax return, audit report by Sep 30 deadline: Survey

A pan India survey of small businesses and startups by community social media platform LocalCircles on Monday said 42 per cent of 5,788 respondents are finding it difficult to meet September 30 deadline to file their tax return and audit report. 16 per cent of respondents said “it will be a significant effort” filing by this month-end while 26 per cent admitted it would be “impossible to file” by September 30 and hence requested an extension by 30-45 days. In contrast, 49 per cent of respondents said they have already filed their tax returns and audit reports. “In light of the festive season and the flood disruption in several states, many businesses are focusing on their production/supplies in preparedness for the festive season after a slow 2020 and an average 2021 festive season. The government may want to consider giving a 30–45-day extension to ease things up a bit,” Sachin Taparia, Founder, LocalCircles told FEASPIRE.

<https://www.financialexpress.com/industry/sme/msme-eodb-42-small-businesses-startups-finding-it-difficult-to-file-tax-return-audit-report-by-sep-30-deadline-survey/2691529/>

Amendment in the definition of small biz to benefit 1.2 million companies

The forthcoming amendment by the union government in the definition of small companies in the Companies Act would benefit around 1.2 million businesses or nearly 80 per cent of all active companies, as per official estimates, said a report by Mint. The businesses will now be eligible for lower penalties and a simplified compliance regime, said a person adding that it will also be immensely beneficial for startups, said the report. The ministry of corporate affairs on September 22 issued an order stating that a business with up to Rs 4 crore paid up capital and Rs 40 crore sales will be classified as a small company, compared to the earlier Rs 2 crore and Rs 20 crore in paid up capital and sales, respectively. The amendment aims to help small enterprises in elevating their businesses in a simplified regulatory regime.

<https://www.financialexpress.com/industry/sme/msme-eodb-amendment-in-the-definition-of-small-biz-to-benefit-1-2-million-companies/2691620/>

Insurers may get to invest in non-dividend paying firms

The insurance regulator may allow equity investment even in non-dividend paying companies to be included in the approved investment category subject to some conditions. This would increase the eligible universe of companies they can invest in, boosting allocation to stocks. Under the existing norms, only investment in listed companies that have paid a minimum 10% dividend for at least two consecutive years immediately preceding can be included in the approved category. A committee set up by the regulator last year had recommended allowing insurers to invest in equity sans the dividend criterion.

<https://economictimes.indiatimes.com/industry/banking/finance/insure/insurers-may-get-to-invest-in-non-dividend-paying-firms/articleshow/94463252.cms>

Industry

Cement companies' profitability seen dipping 15 per cent on input costs

Despite a high double-digit demand growth, the profitability of cement companies is set to fall by 15 per cent because price hikes lag increase in production cost, according to a report. The report by rating agency Crisil, however, said that higher demand will cushion the credit outlook for the sector. Operating profitability of cement makers will decline 15 per cent year-on-year to Rs 900-925 per tonne this fiscal, adding to the pain of a 9 per cent decline last fiscal, as an increase in realisations will not be enough to offset the increase in prices of coal, petcoke and diesel that has pushed the average cost of production higher, the agency said in a report on Monday.

<https://www.financialexpress.com/industry/cement-companies-profitability-seen-dipping-15-per-cent-on-input-costs/2691826/>

Palm oil at 1-year low, but companies yet to pass on benefits

Palm oil - a key ingredient for products from processed foods to cosmetics and soaps - is trading at its lowest levels since June last year, but FMCG companies say they cannot reduce consumer prices yet due to high cost of other raw

materials. Edible oil makers, however, said they are passing on the reduction in costs to consumers, effective immediately. Companies including Hindustan Unilever, the market leader in several product categories, and Nestle have red-flagged steep inflation across core commodities as the single biggest factor impacting their bottom lines over the past one year. While the raw material prices have softened selectively, companies said the decline isn't enough to offset profit stress as prices remain significantly higher on a year-on-year basis.

<https://economictimes.indiatimes.com/industry/cons-products/fmkg/palm-oil-at-1-year-low-but-companies-yet-to-pass-on-benefits/articleshow/94462776.cms>

'Used car biz may more than double in 5 years'

India's market for used cars is expected to more than double to almost \$75 billion in the next five years, driven by increased customer preference for personal mobility after the pandemic, according to CarTrade, a platform for classified automobile ads. There has been a sharp increase in customer preference for personal mobility since the pandemic. This, coupled with easier access to financing solutions and the government's move to register sales of pre-owned vehicles to help expedite the transfer of ownership, will lay down a structure for the used car industry, CarTrade Tech managing director Vinay Sanghi said.

<https://economictimes.indiatimes.com/industry/auto/cars-uvs/used-car-biz-may-more-than-double-in-5-years/articleshow/94463254.cms>

India's push for homegrown navigation system jolts smartphone giants

India is pushing tech giants to make smartphones compatible with its home-grown navigation system within months, worrying the likes of Samsung, Xiaomi and Apple who fear elevated costs and disruptions as the move requires hardware changes, according to two industry sources and government documents seen by Reuters. In line with Prime Minister Narendra Modi's drive for self-reliance, India has over the years expanded the use of its regional navigation satellite system called NavIC (Navigation with Indian Constellation). The Indian government wants to reduce dependence on foreign systems, including the widely used U.S. Global Positioning System (GPS), and says NavIC provides more accurate domestic navigation and that its use would benefit the economy. In private meetings in August and September, representatives of Apple Inc, Xiaomi Corp, Samsung Electronics Co Ltd and others pushed back, citing worries that making phones NavIC-compliant would mean higher research and production costs.

https://www.business-standard.com/article/current-affairs/india-s-push-for-homegrown-navigation-system-jolts-smartphone-giants-122092600502_1.html

High price of coal to adversely impact profitability of domestic non-ferrous metal cos: Icra

The high price of coal will adversely impact the profitability of domestic non-ferrous metal companies mainly operating in the aluminium and zinc space, Icra said on Monday. The domestic e-auction premium on coal, though it has softened in recent months, continues to remain high at around 300 per cent. "In the domestic market, power costs have significantly increased for domestic base metal companies, owing to the lower availability of coal linkages to non-power sectors and elevated coal prices in both domestic e-auction and the international markets," Icra said in a statement. "Owing to the twin onslaught of corrections in metal prices and continued high coal costs, the estimated operating profitability of domestic players is likely to contract by 600-700 bps in FY2023 after a weak performance in Q1 FY2023," Icra Senior Vice-President and Group Head, Corporate Sector Ratings Jayanta Roy said.

<https://www.financialexpress.com/industry/high-price-of-coal-to-adversely-impact-profitability-of-domestic-non-ferrous-metal-cos-icra/2691733/>

Infrastructure

Nitin Gadkari lays foundation for 8 NH projects worth Rs 3,000 crore in Andhra Pradesh, says it will create 'large scale employment'

Union Minister for Road Transport and Highways Nitin Gadkari laid the foundation stones for 8 National Highway Projects in Rajamahendravaram, Andhra Pradesh. The overall worth of all the projects combined Rs 3,000 crore. After completion, the projects will provide green field road connectivity to Kakinada SEZ, SEZ Port, Fishing Harbour and Kakinada Anchorage Port, which will smoothen the export of rice, sea food, oil meals, iron-ore, biofuel, granite etc. through Kakinada Port. According to a release by the Ministry of Road Transport and Highways, Gadkari further

said the road projects include construction of five flyovers at Kaikaram, Morampudi, Undarajavaram, Tetali and Jonnada and after their completion, it would provide hassle-free and safe traffic movement for places like Namavaram, Satellite City, Mandapeta, Ramchandrapuram, Kakinada, Undarajavaram, Nidadavolu, Tanuku Town and Kaikaram. Special safety features will be ensured for the rectification of blackspots.

<https://www.financialexpress.com/infrastructure/roadways/nitin-gadkari-lays-foundation-for-8-nh-projects-worth-rs-3000-crore-in-andhra-pradesh-says-it-will-create-large-scale-employment/2691412/>

Indian Railways installs ISRO-developed RTIS system for real-time train tracking

Developed in collaboration with the Indian Space Research Organisation (ISRO), Real Time Train Information System (RTIS) is being installed on the trains for automatic acquisition of its “movement timing at the stations, including that of arrival and departure or run-through”, the Ministry of Railways said. “They get automatically plotted on the control chart of those trains in the Control Office Application (COA) system,” the Ministry added. According to the Ministry, RTIS gives mid-section updates with a periodicity of 30 seconds. The Train Control can track the location and speed of RTIS enabled trains more closely, without any manual intervention. The RTIS uses information from GSAT satellites that have GAGAN payloads for tracking the movement of trains and sends the information down to the Central Location Server (CLS) of Centre for Railway Information Systems (CRIS).

<https://www.financialexpress.com/infrastructure/railways/indian-railways-installs-isro-developed-rtis-system-for-real-time-train-tracking-check-what-is-rtis-and-how-does-it-work/2691247/>

Reducing carbon footprint: Indian Railways achieve 100% electrification of 4 zones, says Centre

Union MoS for Railways Raosaheb Patil Danve announced that Indian Railways has achieved 100% electrification on four of its zones namely — East Coast, South Eastern, Eastern and Central Eastern Railway. This development is in line with the Indian Railways’ aim of becoming the largest Green Railways in the world and further moving towards becoming a “net zero carbon emitter” before 2030. Danve took to Twitter to make the announcement and stated that besides reducing carbon footprints, this will also enable seamless passenger and freight movement. According to a report, if Indian Railways achieve the “net zero carbon emitter” goal, it could lead to an annual emissions reduction of at least 15 million tonnes of CO₂. This could further help meet 5% of India’s Nationally Determined Contributions target and also save Rs 17,000 crore in fuel costs and other savings per year. Recently, the Indian Railways also registered a growth in passenger traffic revenue and automobile traffic.

<https://www.financialexpress.com/infrastructure/railways/reducing-carbon-footprint-indian-railways-achieve-100-electrification-of-4-zones-says-centre/2691214/>

Nearly 50% homebuyers expect property prices to increase: Report

Real estate remains India’s preferred asset class with nearly 50 per cent of customers expecting prices to increase and the economy to grow, said a survey’s report on Monday. The survey by Housing.com and National Real Estate Development Council (NAREDCO) found that 47 per cent of respondents prefer to invest in real estate. As many as 21 per cent of respondents prefer to invest in the stock market, 16 percent in fixed deposits and 15 per cent in gold. It found that 48 percent of respondents anticipate real estate prices to rise. "India's residential market has seen a sharp revival in demand after the second wave of the Covid-19 pandemic. The rising cost of borrowing, increase in input costs and strong demand has resulted in a rise in housing prices," said Dhruv Agarwala, group chief executive officer, Housing.com, PropTiger.com & Makaan.com. Housing demand is expected to remain strong in the coming quarter on the back of strong consumer sentiment and the seasonal uplift in the festival season, he said.

https://www.business-standard.com/article/companies/nearly-50-homebuyers-expect-property-prices-to-increase-report-122092600706_1.html

Ecommerce demand for warehousing space down

Warehousing space demand from large ecommerce firms such as Amazon, Flipkart, Bigbasket and FirstCry have come down significantly this calendar due to an expected slowdown in consumer demand and a large base, recent studies show. Ecommerce companies contributed to a mere 4% of total warehousing leasing in the first half of 2022, down from 23% in the first half of last year, data from property consultancy firm Colliers shows. Another report by real estate data analytics company CRE Matrix said the top five ecommerce companies alone have seen an 83% drop in leasing in the first eight months of 2022 through August compared to 2021 when the segment saw 107% growth in space take up.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/construction/ecommerce-demand-for-warehousing-space-down/articleshow/94461175.cms>

Telecom

Creditors won't get to sell spectrum if Co goes bankrupt

The draft telecom bill has cleared the air on spectrum ownership for companies undergoing insolvency proceedings and around regulating OTT communication services, analysts said. They added that the draft telecom bill also offers a robust regulatory framework within the federal structure to obtain right of way (RoW) approvals in a uniform, non-discriminatory manner, for establishing telecoms infrastructure and expediting the rollout of 5G networks. "The (draft telecom) bill aims to remove ambiguities over the ownership of spectrum for corporates under insolvency/stress as well as the regulating body for over-the-top (OTT) and internet service providers," India Ratings (Ind-Ra) said in a statement Monday.

<https://economictimes.indiatimes.com/industry/telecom/creditors-wont-get-to-sell-spectrum-if-co-goes-bankrupt/articleshow/94463045.cms>

States

Maharashtra government to spend Rs 6 lakh crore on state's infrastructure

The Maharashtra government is planning for a major overhaul of the state's infrastructure -- from airports and ports to expressways to railway networks -- that is estimated to cost anywhere north of '5-6 lakh crore, but which could give the state a much-needed facelift. Some of the new projects planned include creating an Expressway grid comprising 6-8 lanes that connects all districts of the state. State government officials said nine new Expressways were being planned, one of which is going to be the Pune-Nashik eight-lane Expressway. The estimated cost of these nine expressways could be around Rs 2.35 lakh crore.

<https://economictimes.indiatimes.com/news/economy/infrastructure/maharashtra-government-to-spend-rs-6-lakh-crore-on-states-infrastructure/articleshow/94463192.cms>

Drones to keep an eye on 10,000 power transmission towers in MP from Oct 1

The state-run Madhya Pradesh Power Transmission Company Limited (MPPTCL) is going to deploy drones to monitor 10,000 high voltage towers in the state beginning October 1, a senior company official said on Monday. "This is for the first time in the country that drones are going to be used to check tall towers for smooth power supply, MPPTCL Managing Director Sunil Tiwari claimed while talking to PTI. He said drones will take videos and close range pictures of the towers. Currently, the inspection of towers is being done manually. Employees climb the towers to check the equipment and this process is very time consuming and laborious. Now, drones would do this work, he said.

https://www.business-standard.com/article/current-affairs/drones-to-keep-an-eye-on-10-000-power-transmission-towers-in-mp-from-oct-1-122092600460_1.html

Healthcare

Pharma firms may face legal action for unethical marketing practices

Pharmaceutical companies could face legal action if they are found to be involved in unethical marketing practices. A high level committee formed under Niti Aayog's VK Paul will meet this week to review the regulatory framework around marketing practices in the pharma sector. The committee has been formed by the health minister Mansukh Mandaviya after reports that companies are spending exorbitantly on promotion of drugs. "The first meeting will be held on September 29. The committee will review the existing practice and what is required so as to ensure that it is followed," said a person in the know.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/healthcare/pharma-firms-may-face-legal-action-for-unethical-marketing-practices/articleshow/94463228.cms>

External

Govt decides to extend existing Foreign Trade Policy by another six months

The government has decided to postpone the release of the new Foreign Trade Policy (FTP) and extend the existing one by six months on account of global uncertainties and currency fluctuations. The government was scheduled to announce the new FTP by the end of September. The current policy was to end on September 30. Additional Secretary in the Department of Commerce, Amit Yadav, said there were demands from different quarters, including industry associations and export promotion councils, to extend the policy and not introduce the new one at this time. They have stated that currently there are challenges like global uncertainties and currency fluctuations.

https://www.business-standard.com/article/pti-stories/govt-extends-foreign-trade-policy-by-6-months-122092601130_1.html

Govt looking to plug loophole in solar equipment import duty: Report

The central government is looking at ways to plug the loopholes in regulations that are allowing solar power developers to avoid paying duties of nearly 40 per cent on cells and modules, and are only shelling out 5 per cent, reported Livemint on Monday. In a bid to reduce imports from China and boost domestic manufacturing, the Centre imposed basic customs duty (BCD) of 40 per cent on solar modules and 25 per cent on cells from April 1. However, several solar developers are tapping 'project import scheme' to save high duties on cells and modules, the report added. Domestic manufacturers can import machinery, instruments and apparatus at a concessional duty of 5 per cent to set up a new unit, and expand an existing one under the project import scheme. The scheme covers power, industrial plants, irrigation, mining sectors, and projects for exploration for oil or other minerals.

https://www.business-standard.com/article/economy-policy/govt-looking-to-plug-loophole-in-solar-equipment-import-duty-report-122092600312_1.html

India's campaign for rupee trade finds fans from Russia to UAE

Indian tea exporters are getting interest from the United Arab Emirates and sanctions-hit Russia and Iran to pay in rupees, a nod toward the government's plan to settle international trade in the local currency. Buyers from those countries are keen to pay rupees for Indian shipments, said P.K. Bhattacharya, secretary general of the Tea Association of India, an industry group that mainly represents producers in northern regions. This follows the central bank's push to internationalize the currency, he added. "With Russia, it might see the light of the day sooner, but for other countries it might take more time," Bhattacharya said.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/indias-campaign-for-rupee-trade-finds-fans-from-russia-to-uae/articleshow/94454119.cms>

Miscellaneous

Govt bans exports of maps of sensitive locations

To meet the requirements of the liberalised geospatial data regime unveiled last February, the government has come out with a negative list that bars mapping of economic- and national security-related strategic and sensitive locations such as bulk oil and gas depots, nuclear and many military installations.

"The export of maps and geospatial data with sensitive attributes will be restricted," said the Central Board of Indirect Taxes and Customs, which comes under the Finance Ministry, in a notification issued on Friday.

The notification said the transgression of the threshold values Department of Science and Technology had mentioned in its guideline issued on February 15, 2021, will not be allowed for mapping and collection of location data of the identified installations and facilities.

<https://www.thehindubusinessline.com/economy/centre-comes-up-with-negative-list-on-mapping-geospatial-data-collection-of-strategic-spots/article65938278.ece>