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Economy

India has large reserves to tide over currency turmoil: Economic affairs secretary

India has fairly large reserves to tide over the turmoil in the currency markets, a top government official has said, dismissing concerns over the decline in forex reserves. "There has been a depletion as inflows have come down and the trade deficit is higher... I don't see this as a concern, India has fairly large reserves to tide over this situation," economic affairs secretary Ajay Seth said on Tuesday. He added that most of the global currencies are under pressure and suitable measures will be taken in the due course.

<https://economictimes.indiatimes.com/news/economy/indicators/india-has-fairly-large-forex-reserve-to-deal-with-current-situation-economic-affairs-secretary/articleshow/94481296.cms>

Addl job creation dipped in Omicron-hit March qtr to 350,000: Labour Min

Employment generation in nine non-farm sectors slowed down in the March quarter of FY22, possibly under the impact of Omicron variant of Covid-19, with additional job creation dipping to 350,000 during the quarter, from 390,000 in the preceding December quarter of the financial year. According to the fourth round of the Quarterly Employment Survey (QES) released by the Labour Ministry on Tuesday, the total number of jobs in the nine sectors, namely, manufacturing, construction, trade, transport, education, health, accommodation & restaurants, Information technology (IT)/business process outsourcing (BPO) and financial services rose to 31.8 million in the March quarter from 31.45 million in the December quarter. During the March quarter, the manufacturing sector was the worst hit with 140,000 job cuts followed by education (22,204) and construction (8,954) sectors. However, IT/BPO sector created the highest number of new jobs at 370,000, followed by the health sector (93,701).

https://www.business-standard.com/article/economy-policy/addl-job-creation-dipped-in-omicron-hit-march-qtr-to-350-000-labour-min-122092701299_1.html

Demand for luxury products exposes widening inequality in India

Household spending trends ahead of India's main festive season are flashing warning signs of a widening chasm in demand recovery as inflation hovers around 7% and unemployment keeps on rising. Consumer-goods makers are reporting robust demand for items priced nearly \$2,000 in a nation where per-capita income is just a tad above that level, while industry data on sales of budget phones priced below \$100 and motorcycles, an indicator of rural demand, are showing a weaker trend. Customers are in the market for premium products, said Satish NS, senior vice president at the Indian unit of Qingdao, China-headquartered Haier Group Corp. Sales of front-load washing machines, and double-door refrigerators that cost about 150,000 rupees (\$1,878) are higher than the low-end products forcing us to push our supply chains in "top gear," he said.

<https://economictimes.indiatimes.com/news/economy/indicators/demand-for-luxury-products-exposes-widening-inequality-in-india/articleshow/94465848.cms>

Banking and Finance

FM Nirmala Sitharaman to banks: Look into needs of SCs for capacity building, entrepreneurship development

Finance Minister Nirmala Sitharaman chairing a performance review meeting on credit and other welfare schemes for scheduled castes (SCs) in public sector banks (PSBs) on Tuesday observed the need for banks to increase the coverage of SCs in all schemes. The minister also “advised PSBs heads to look into their (SCs) needs for capacity building, entrepreneurship development as SCs constitute about 18 per cent of the total workforce of the banks and financial institutions,” said a statement by the finance ministry. The finance minister said that the objective of the meeting was to bring all stakeholders on a common platform to work together in the fulfilment of the rights enshrined in the constitution for the upliftment and betterment of SCs. Sitharaman also noted that performance in schemes — like the National Rural Livelihood Mission (NRLM) where 21 per cent of the credit-linked self-help groups (SHGs) were SCs and in PM-SVANidhi where 19 per cent of the beneficiaries were SCs — was satisfactory.

<https://www.financialexpress.com/industry/sme/msme-fin-fm-nirmala-sitharaman-to-banks-look-into-needs-of-scs-for-capacity-building-entrepreneurship-development/2693079/>

Merchants seek wider testing of recurring payments

With less than a week remaining for implementation of Reserve Bank of India's (RBI) tokenisation mandate, top merchants have once again approached the regulator to direct banks, payment aggregators and card networks to ensure that recurring payments are tested widely to avoid disruptions. Without directly seeking an extension, the Merchant Payments' Alliance of India (MPAI) requested the RBI to mandate system participants to demonstrate the same level of success rate in token and card-based payments in a letter dated September 26. The letter also requests that all existing e-mandates based on card details be immediately transferred to tokens. "We request the RBI to mandate banks, payment aggregators, payment gateways and card networks to demonstrate that CoFT (Card-on-file token) solutions operate with the same degree of efficacy as card-based processing across use cases," the letter to the RBI read. "We request the RBI to ensure that existing e-mandates based on card details are migrated onto tokens forthwith and that solutions on recurring payments are tested at scale to avoid drop-offs during mandate renewals."

<https://economictimes.indiatimes.com/industry/banking/finance/banking/merchants-seek-wider-testing-of-recurring-payments/articleshow/94490396.cms>

Net direct tax mop up rises 23% to Rs 7.04 lakh crore so far this fiscal

The net direct tax collection has increased 23 per cent to Rs 7.04 lakh crore so far this fiscal, the income tax department said on Tuesday. Central Board of Direct Taxes (CBDT) Chairman Nitin Gupta said the income and corporate tax collections were at a record high of Rs 14.09 lakh crore in 2021-22. “The momentum of the last fiscal continues in this fiscal with net direct tax collection of Rs 7.04 lakh crore so far, which is a growth of 23 per cent over the same period last fiscal,” Gupta said.

<https://www.financialexpress.com/economy/net-direct-tax-mop-up-rises-23-to-rs-7-04-lakh-crore-so-far-this-fiscal/2693095/>

Debt cost begins to pinch states again with 9 bps spike in last auction

After falling for six weeks on the trot, the cost of borrowings for the states rose for the second week with the latest auction on Tuesday, when their average cost of debt rose by 9 bps to 7.65 per cent. At the last auction, the average cut-off rose by 10 bps to 7.56 per cent, which was the first spike in the past six weeks. The spike in average cost reflects the overall interest tightening taking place in the system after the US Fed went ahead with its third 75 bps hike last week and said it will deliver at least two more to fight inflation, which is trending at over 40 years high. The weighted average cut-off of state debt rose by 9 bps to 7.65 per cent from 7.56 per cent in the last auction, with the weighted average tenor remaining stable at 15 years. On the other hand, the 10-year Ge-Secs yield inched up by 3 bps to 7.29 per cent, Aditi Nayar, the chief economist at Icria Ratings said in a note.

<https://www.financialexpress.com/economy/debt-cost-begins-to-pinch-states-again-with-9-bps-spike-in-last-auction/2693032/>

Industry

India saw 1.52 million foreign tourist arrivals in 2021: Govt data

Due to restrictions linked to Covid-19, the number of foreign tourist arrivals in India during 2021 decreased to 1.52 million compared to 2.74 million in 2020, dropping by 44.5%, though foreign exchange earnings grew during the

same period, as per the India Tourism Statistics 2022 report released on Tuesday by the ministry of tourism. In 2019, India saw 10.93 million foreign tourist arrivals, which dropped by 75% in 2020. The statistics were released at the National Tourism awards ceremony held on World Tourism day on Tuesday. While releasing the report, tourism minister G Kishan Reddy said prime minister Narendra Modi is working as the 'brand ambassador' of Indian tourism and that India plans to position itself as a major tourism destination during its presidency of G20 for 2023.

<https://economictimes.indiatimes.com/industry/services/travel/india-saw-1-52-million-foreign-tourist-arrivals-in-2021-govt-data/articleshow/94487073.cms>

EV Safety Rules: Companies get more time to comply

The government has given electric vehicle manufacturers more time to implement new safety standards, pushing back the deadline which was October 1. They can now incorporate the changes as per Automotive Industry Standards 156 and 038 in two phases: the first set by December 1 and the rest by March 31, 2023, the road transport and highways ministry said Tuesday. The government had announced the stringent safety requirements earlier this month, covering the battery systems, after several incidents of electric two-wheelers catching fire.

<https://economictimes.indiatimes.com/industry/renewables/ev-safety-rules-companies-get-more-time-to-comply/articleshow/94490157.cms>

ITeS sector is promising for SMEs in FY23: CRISIL

The growth momentum of information technology-enabled services (ITeS) sector would keep up in the current fiscal year (FY23), auguring well for small and medium enterprises (SMEs) as it accounts for 20-40 per cent of the sector's revenue, according to a report by Business Standard. In the financial year 2021-22, the ITeS sector saw a revenue growth of about 13-15 per cent to about Rs 3.1 trillion, riding on volume recovery across three key segments, customer relationship management (CRM), knowledge, and transactions. As a matter of fact, SMEs have major exposure to CRM. Exports accounted for around 90 per cent of the pie in the last fiscal, with CRM accounting for 37 per cent, the report said. On the contrary, the domestic industry was smaller, accounting for around 10 per cent of revenue, but CRM contribution was remarkably high, around 80 per cent. The non-voice CRM (web chat or email) has been gaining momentum within the segment.

<https://www.financialexpress.com/industry/sme/msme-tech-ites-sector-is-promising-for-smes-in-fy23-crisil/2692986/>

MSMEs' business spends market is pegged at around \$1 – \$1.5 trillion: Report

The current business spends market in India for MSMEs is estimated to be in the range of \$1 – \$1.5 trillion, reveals the report 'Rising Digital Business Spends: Managing a \$15 Trillion India Opportunity' from spends management firm EnKash and management consulting firm Kearney. The study pegs the overall business spends market in India at \$7 trillion with the potential to reach \$15 trillion by 2030. It found that the window of opportunity for growth lies in the small to medium-sized businesses given their large volume in the country. Of the overall 64 million businesses in India, only 3-4 million businesses have shown rapid progress in digitising their business spends. These include large corporates, mid-market enterprises (Rs 5-250 crore turnover) and a rapidly growing ecosystem of start-ups. The study found that while the corporates are rapidly digitising their processes, the mid-market enterprises are slowly migrating to digital modes as they try to strike a balance between the cost involved and growth prospects. The micro-enterprises and retailers are still working largely on cash and cheques.

<https://www.financialexpress.com/industry/sme/msme-tech-msmes-business-spends-market-is-pegged-at-around-1-1-5-trillion-report/2692455/>

Infrastructure

Data centre business to double by 2024, demand to help real estate: Reports

Data centre companies will double their business by 2024 and increasing need for their services will help real estate, said two reports on Tuesday. Data centre capacity was at 637 megawatt (MW) in the first half of 2022: a 16 per cent rise compared to 551 MW in 2021, said a report by JLL. Mumbai, Bangalore and Chennai comprise 75 per cent of India's data centre market. The rest is in Delhi-NCR, Pune, Hyderabad, and Kolkata. Mumbai is expected to lead storage addition, followed by Bangalore, Chennai, and Delhi-NCR. Data centre (DC) investments are expected to cross \$20 billion by 2025. The CBRE reported expected DC capacity to almost double by 2024, with more than 400

MW currently under construction. "Tier II and III cities are also expected to see a rise in demand. As a result, we anticipate heightened DCs growth and continued interest from investors looking to capitalise on the attractiveness of DCs as an alternative real estate investment option," said Anshuman Magazine, chairman and CEO, India, South-East Asia, Middle East & Africa, CBRE. DC operators are building capacity based on pre-commitments by cloud players. As a result, overall occupancy for DCs stood at 92.5 per cent of supply. Mumbai and Chennai together accounted for 83 per cent of the supply in the first half of 2022, said the JLL report.

https://www.business-standard.com/article/economy-policy/data-centres-stock-grew-by-16-from-h1-2021-likely-to-double-by-2024-122092700839_1.html

Railways to resume levying busy season surcharge from October 1

The Indian Railways is resuming the busy season surcharge after a three-year hiatus. A busy season surcharge of 15% will be applicable to all goods traffic from October 1, said a Railway Board order. It will be levied on transportation of all commodities except coal and coke, containers and automobiles moved in certain wagons. The surcharge may directly raise the cost of moving fertiliser, cement and food grains on the Indian Railways network from October 1. The charge, applicable from October 1 to June 30, with some exceptions, was withdrawn from October 1, 2019, for all goods except iron ore and petroleum, oil and lubricants.

<https://economictimes.indiatimes.com/industry/transportation/railways/railways-to-resume-levying-busy-season-surcharge-from-october-1/articleshow/94489487.cms>

Energy

India mulls Rs 20,000-cr aid to manufacture grid-scale batteries

India's power ministry is proposing a nearly \$2.5 billion incentive plan to encourage domestic manufacturing of grid-scale batteries, aiming at bringing down the cost of energy storage to speed up its energy transition. There are early-stage discussions in the government about offering incentives to manufacturers for batteries they produce over a certain time period, power minister Raj Kumar Singh said in an interview last week. The total payout could be in the realm of 200 billion rupees, he said. Worried over rival China's dominance in lithium, the nation is in talks with countries including Australia to secure supplies of the battery metal, he said. India also plans to promote other battery technologies. Lower storage costs will be key to providing around-the-clock renewable power supplies from intermittent renewable sources like wind and solar. Until that happens, India is prioritizing energy security, with plans to expand its coal power fleet by a quarter through 2030 unless cheaper storage becomes available.

https://www.business-standard.com/article/economy-policy/india-mulls-rs-20-000-cr-aid-to-manufacture-grid-scale-batteries-122092701112_1.html

Gas price review panel seeks more time to submit its report

The government-appointed panel for reviewing the pricing of natural gas has sought more time to submit its report as it does a tightrope walk of striking a balance between the expectations of producers and consumers, sources said. The panel headed by former planning commission member Kirit S Parikh was tasked to suggest a "fair price to the end-consumer" by the end of September. Given the enormity of the task, the committee wanted 30 more days to finish the report but the government wants it to wrap up the work by mid-October, two sources with knowledge of the matter said.

<https://economictimes.indiatimes.com/industry/energy/oil-gas/gas-price-review-panel-seeks-more-time/articleshow/94485138.cms>

Hydro policy may link free power with project progress

The Centre is considering a new hydro power policy that may link free power from a project to the host states to the progress of the projects, offer annuity to project-affected families on early completion and devise other measures to lower project costs and tariffs. The draft proposal circulated among states for discussion seeks to address problems that have discouraged private investment and stagnated the capacity addition, said a government official. Time and cost overruns can raise tariffs from new hydro projects up to ₹8 per unit but with these measures the government believes a ₹4.5 per unit price may be possible.

<https://economictimes.indiatimes.com/industry/energy/power/hydro-policy-may-link-free-power-with-project-progress/articleshow/94490440.cms>

Telecom

DoT mandates IMEI registry before 1st sale or import of mobiles

The Department of Telecommunications (DoT) has mandated smartphone manufacturers and importers to register the IMEI number of smartphones before the first sale or before the import of the device on a new portal in operation from 2020. In a gazette notification, the DoT on Monday, amended the prevention of tampering of the Mobile Device Equipment Identification Number, Rules, 2017 to enforce smartphone manufacturers to register the IMEI number of every mobile manufactured in India with the Indian Counterfeited Device Restriction Portal (ICDR) maintained by the DoT. Furthermore, mobile phones imported in India for "sale, testing, research or any other purpose" will have to be registered by the importer with the ICDR portal prior to the import of the mobile phone into the country.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/dot-mandates-imei-registry-before-1st-sale-or-import-of-mobiles/articleshow/94488515.cms>

External

India weighs offering duty concessions for EVs

India is weighing its options to offer tariff concessions to products such as electric vehicles that receive support under the government's phased manufacturing programme, as part of the proposed free trade agreement with the UK. Discussions on the proposed trade pact are now in their final phase and the agreement is likely to be inked by Diwali, officials said. "This is being discussed internally among the departments of revenue, commerce and the respective line ministries," said an official, privy to the deliberations.

<https://economictimes.indiatimes.com/industry/renewables/uk-trade-pact-india-weighs-offering-duty-concessions-for-evs/articleshow/94490354.cms>

Wheat processors seek permission for imports under advance authorisation scheme

Wheat processors have approached the government to seek permission for wheat import under the advance authorisation scheme, so that they can export value-added products, an official said. An advance authorisation scheme allows duty-free import of inputs, which have to be mandatorily used in products that are required to be exported within a specified time. They are not allowed to sell the products in the domestic market. "We have received the request from wheat processors. They are seeking policy change as at present there is a ban on wheat and its products' export. The ban also applies for goods imported under the advance authorisation scheme," a commerce ministry official said.

<https://www.financialexpress.com/economy/wheat-processors-seek-permission-for-imports-under-advance-authorisation-scheme/2692887/>

Allow duty-free exports of rice with LCs opened before ban, plead shippers

The government is considering the demand to allow the export of broken and non-basmati white (raw) rice duty-free for which letters of credit (LCs) were "transmitted on the exporter" and cargo received at Container Freight Station(CFS) before the ban came into effect on September 9. In a memorandum to the government, The Rice Exporters Association (TREA) has said while the transitional arrangement for allowing shipments — which could not be loaded due to bad weather conditions — be extended up to October 15, the government should also consider two other factors to include them under in-transit definition.

<https://www.thehindubusinessline.com/economy/agri-business/allow-duty-free-exports-of-rice-with-lcs-opened-before-ban-plead-shippers/article65942799.ece>