



Public Finance

States' capex seen soaring 36% in FY23, fiscal deficit at ₹8.4 lakh crore: ICRA

States have budgeted 36% higher capital expenditure during this financial year, which may lead to a sharp rise in their fiscal deficit to ₹8.4 lakh crore, a report said on Friday. Registering an increase of 34.1% from the pre-pandemic (FY20) levels, 26 large States, excluding Assam, have spent ₹5 lakh crore in capital expenditure, or ₹1.3 lakh crore more than they had spent in FY20, shows an ICRA analysis of these States' budgets. (*The Hindu*)

Tamil Nadu will become revenue surplus in two years: Palanivel Thiaga Rajan

Tamil Nadu Finance Minister Palanivel Thiaga Rajan said that the State has greatly reduced revenue deficit and will become revenue surplus in the next two years. Noting that the targeted nominal growth rate is 15-16 per cent and the real growth is 8-10 per cent, Rajan said, the numbers had been good so far this year despite the problems of inflation. (*BusinessLine*)

Cost of states borrowings up at 7.96 per cent

Reflecting the rising interest rate regime, states are paying higher for market borrowings with the weighted average cost for debt for the first time hitting 7.96 per cent, up 7 bps from last week. Nine states raised Rs 12,800 crore from state development loan auctions, which is 17 per cent lower than the indicated amount, wherein the weighted average cut-off rose by 7 bps to 7.96 per cent, but the spread between the 10-year SDL and G-secs narrowed to 39 bps from 42 bps last week, as most of the auction was in longer tenors, the agency said. (*The Economic Times*)

Govt to keep a lid on spends to avoid fiscal slippage

The government will closely watch its spending to complement RBI's measures to contain inflation and manage the external account amid capital outflows, according to the officials. The finance ministry will tell ministries and departments not to expect additional funds in the revised estimates for revenue expenditure. (*The Economic Times*)

India set on capex path despite deficit worries

The fiscal deficit may be a "little worse" in absolute terms than estimated in the budget because of the government's rising expenditure bill—the result of the rupee's slide, high global commodity prices, and tax cuts—finance secretary T.V. Somanathan said. But higher-than-expected inflation and nominal GDP are expected to help moderate the fiscal deficit when measured as a ratio of gross domestic product. (*Mint*)

Capex plans, key to India's growth prospects: FM @ G20

Finance Minister Nirmala Sitharaman on Friday said India's long-term growth prospects are embedded in public capital expenditure programmes. Sitharaman, while attending the third G20 Finance Ministers and Central Bank Governors (FMCBG) meeting hosted by

Indonesia in Bali, also said that evidence-based policy-making is vital for resilient economic systems. (*BusinessLine*)

India Inc spent ₹6,947 cr towards healthcare in FY21, FM tells LS

Corporate India had, as part of its CSR, spent ₹6,947 crore towards healthcare activities, including Covid-19 related ones, during 2020-21, the Lok Sabha was informed on Monday. This is out of the cumulative Corporate Social Responsibility (CSR) spend of ₹24,865 crore for 2020-21, Union Finance and Corporate Affairs Minister Nirmala Sitharaman said in a written reply to a Lok Sabha question. (*BusinessLine*)



Taxation

Pay 5% GST on pre-packed, labelled food items, hospital rooms above ₹5,000 from Monday

Customers will have to pay 5% GST on pre-packed, labelled food items like atta, paneer and curd, besides hospital rooms with rent above ₹5,000 from Monday with the GST Council's decision coming into force. In addition, hotel rooms with tariff of up to ₹1,000/day, maps and charts, including atlases, will attract a 12% Goods and Services Tax (GST), while 18% GST will be levied on tetra packs and fees charged by banks for the issue of cheques (loose or in book form). (*The Hindu*).

Govt cuts windfall gain tax on crude, export duty on fuels

The Government has lowered windfall gain tax on crude oil and Special Additional Duty on exports of petrol and diesel. Though, it will not have any impact on the retail prices for consumers, but it will benefit domestic crude producers and oil refiners. (*BusinessLine*)

No GST on packages of food items weighing more than 25 kg/l

Central Board of Indirect Taxes & Custom (CBIC) has clarified that a single packet of cereals, pulses, rice, flour etc. weighing more than 25 kg or 25 litres will not attract Goods & Services Tax (GST). However, multiple retail packs totalling 25 kg or more will attract GST. (*BusinessLine*)

IMA writes to Centre, seeks withdrawal of GST on healthcare services

The Indian Medical Association on Saturday wrote a letter to Union Finance Minister Nirmala Sitharaman requesting an exemption from the Goods and Services Tax (GST) for healthcare services. (*Source : India Today*)

All States agreed to GST changes on food items: Finance Minister

Union Finance Minister Nirmala Sitharaman said on Tuesday that the decision to levy the Goods and Services Tax (GST) on unbranded, pre-packed and pre-labelled food products was critical to curb tax leakage and was not taken by “one member” of the GST Council alone as all States had agreed to the move. (*The Hindu*)

GST compensation dues now total ₹35,266 crore

Outstanding Goods and Services Tax (GST) Compensation dues to States now amount to ₹35,266 crore, the Finance Ministry informed Parliament on Monday. These dues pertain to June 2022, the last month for which States were assured a certain level of revenue in order to switch to the GST regime, and would be paid from GST Compensation Cess collections, whose levy has been extended till March 2026. (*The Hindu*)

GST on pre-packed food items: Firms not passing on ITC may face profiteering charges

Companies not passing on the benefit of Input Tax Credit (ITC) on pre-packaged dairy and agro items may face profiteering charges. Experts say prices of such products need not go up by a flat 5 per cent because of ITC. (*BusinessLine*)

Draft paper released on changes to GSTR-3B

The draft, approved by the GST Council in its 47th meeting held last month, has incorporated many recommendations by the industry such as auto population of values and streamlining process of input tax credit and IGST settlement, and allowing negative values. (*The Economic Times*)



National Accounts and State of the Economy

Degrees of unemployment: Covid spurs jobless rate among graduates

India is currently staring at a massive unemployment rate of 7.3 per cent, according to data released by the Centre for Monitoring Indian Economy (CMIE) this month. However, a look at the disaggregated unemployment data shows an even more serious problem — rising joblessness among the educated. (*BusinessLine*)

COVID curbs off, but Census still on slow burner

Possible revamp of entire operations likely, but experts question the data gap and the 'missing decade' of population figures. Nearly all COVID-related restrictions have been lifted across the world and India, but the Centre has no plans to restart the decennial Census operations. While a letter sent by the Registrar-General of India (RGI) to the States in June cited COVID-19 for the continuing delay, the reason could be a possible revamp of the entire design of the Census operations, according to an official. (*The Hindu*)

Gig Interrupted: how Indian gig workers struggle amid lack of social security net

There were around 7.7 million gig workers as of 2020-21, government policy think tank Niti Aayog said in a recent paper. This number is expected to exceed 23.5 million by 2029-30. The government has introduced a comprehensive set of Codes, subsuming 29 labour laws, under four broad categories - Wages, Industrial Relations, Social Security and Occupational Safety. (*The Economic Times*)

India's fuel demand falls in July as monsoon sets in

India's demand for petrol and diesel fell in the first half of July over the previous month as the onset of monsoon chipped away consumption in some sectors and restricted mobility, preliminary industry data showed on Sunday. The arrival and intensity of monsoon weighs heavily on diesel demand in the country and consumption traditionally is lower in July-September than in April-June. Floods restrict mobility and demand from the farm sector, which uses diesel in irrigation pumps and trucking, also drops with the onset of rains. (*The Economic Times*)

Indicators show inflation may be peaking, RBI says

The Reserve Bank of India in its July bulletin has said that there are indications that inflation may be peaking, adding that the prognosis may be premature. The RBI has asserted that the Indian economy is showing resilience in a global landscape marred by fears of recession and war. "As monetary policy works through into the economy and

inflation falls back into the tolerance band by the fourth quarter of 2022-23, it will be the playing out of the baseline scenario," the bulletin read. (*The Economic Times*)

May need to frontload rate actions to tame inflation: RBI research paper

The Reserve Bank of India may need to frontload interest rate actions to anchor inflationary expectations, as the supply shocks to the economy have been repeated which central banks cannot look through as transient, according to a research paper from the RBI. (*The Economic Times*)

Invasion of Ukraine number one concern for India followed by cost-of-living crisis and climate change: Kantar study

The Russia-Ukraine war is the biggest concern in India for 37% Indians, although it is significantly lower than the global average of 64%. The cost-of-living crisis is the second biggest concern on people's minds and price increases in fuel, food and drink and household bills have been noticed the most. Compared to the world, Indians feel the pinch of price increase on white goods more. (*The Economic Times*)

Q1 GDP growth seen at 14-15% on services' revival

The Indian economy likely grew at 14-15% in the first quarter of the current fiscal year, riding a recovery in contact-intensive sectors even as the rest of the economy held firm despite multiple headwinds, a poll of economists indicated. While uncertainty still looms, economists say the worst may be over. (*The Economic Times*)

Why is the gender gap widening in India?

India has bagged the 135th position globally (among 146 countries) as per a gender parity ranking put out by the World Economic Forum (WEF). This means, it is only 11 ranks above Taliban-ruled Afghanistan, where women are prohibited from attending schools. Other neighbours of India — Nepal, Bangladesh, Myanmar, Bhutan, China and Sri Lanka have much better ranks. This is especially worrisome because six years ago, in 2016, India ranked the 87th in the world. (*BusinessLine*)

Resource crunch can derail clean energy plans

To fight climate change, the world is animatedly discussing 'energy transition', 'boost to renewables', and 'decarbonization'. The Indian government is no exception. For transitioning to renewable energy, the government must ensure availability of key natural resources such as copper. There can be no argument against energy transition towards non-fossil, green, renewable fuels. But the question is whether the world has adequate financial, technological and natural resources to make it happen in a time-bound manner. (*BusinessLine*)

India Inc: Desperately seeking consumption

India Inc is banking on the consumption story to drive growth, given that India is predominantly a consumption-driven economy. But it may be tough going. Private final consumption expenditure (PFCE) for the last fiscal year was projected to be ₹140 trillion, or 59.3 per cent of GDP, which as a percentage share of GDP, is lower than the 61 per cent in pre-pandemic FY20. (*BusinessLine*)

Morgan Stanley cuts FY23 GDP estimate by 0.40%; expects FY24 growth to slow down to 6.4%

Brokerage firm Morgan Stanley today reduced its forecast for India's GDP growth estimate by 0.4 per cent to 7.2 per cent for the FY23 due to slower global growth. It further said the

growth will further slow down to 6.4 per cent in the FY24, which is 0.3% lower than the earlier forecast. *(The Economic times)*

Pension, health benefits for workers on e-Shram portal

Over 270 million unorganised workers registered on the e-Shram portal will soon get pension and health benefits, over and above the accidental cover, as the labour ministry works towards enhancing the benefit basket for these workers. *(The Economic times)*

National highway construction likely to be around 32-34 km/day during this fiscal: Crisil

Crisil said National highway projects hit a speed bump in the first quarter of this fiscal, with awarding by the Ministry of Road Transportation and Highways (MoRTH), including the National Highways Authority of India (NHAI), falling a sharp 42 per cent on-year to 969 km. *(The Economic times)*

Jobs generated under MGNREGS stay high

Data from Mahatma Gandhi National Rural Employment Guarantee Act website shows work provided to households in June stood at 27.2 million compared with 26.1 million in May, a 4.2% rise while the person-days work generated under the scheme was 412 million, a dip of 5.5% compared with May. *(The Economic times)*

India accounts for more than 13% of global start-up layoffs

Start-ups have been facing a tough time since the last quarter of 2022 with funds drying up following monetary policy tightening by global central banks and correction in equity markets. In a bid to please their investors, many start-ups had to downsize, reducing their staff strength. The number of start-up employees laid-off has surged since the beginning of 2022-23. *(BusinessLine)*

Labour Ministry wants to partner with States, NGOs to fight child labour

The Ministry of Labour and Employment wants to rope in State governments to work alongside to tackle the menace of child labour. Senior government sources said that the Ministry of Labour and Employment does not have the required mechanism to track and prevent child labour. "State governments and state-agencies are best suited to enforce laws preventing child labour as they have the infrastructure and enforcement agencies," said a source. *(BusinessLine)*

Maternal mortality above UN target in 70 pc of India's districts: Study

Maternal mortality ratio (MMR) in 448 of India's 640 districts are higher than the target set under UN Sustainable Development Goals (SDG), according to the first mapping of India's maternal deaths at the district level. The MMR under the UN's Sustainable Development Goals (SDG) for 2030 is 70. India's MMR is 113 right now. Arunachal Pradesh fares the worst of all states and Maharashtra the best, says the study published in the journal PLOS Global Public Health on Tuesday. *(The Economic Times)*

'Sustainability, ESG standards shouldn't be applied indiscriminately across countries'

Sustainability and ESG standards should not be applied "indiscriminately" across developed and developing countries even if the aim is to ensure only genuine green projects are funded, Chief Economic Advisor V Anantha Nageswaran said on Wednesday. *(BusinessLine)*

Karnataka, Telangana, Haryana top NITI Aayog's innovation index

New Delhi, July 21 Karnataka retains the top slot, while Maharashtra and Tamil Nadu have been replaced by Telangana and Haryana in the number two and three slots, respectively, in NITI Aayog's innovation index for 2021, released on Thursday. Maharashtra and Tamil Nadu are ranked in the fourth and fifth positions. *(BusinessLine)*



Banking and Monetary Policy

Global collaboration needed to regulate cryptocurrencies, says FM

According to the Financy Ministry, regulation for cryptocurrencies can be effective only with the help of international collaboration. It also reiterated that Reserve Bank of India is in favour of complete banning it. This response has come at a time, when government has implemented income tax provisions on virtual digital asset (VDA), popularly known as crypto, but yet to give a time frame for introduction of bill to regulate it. *(BusinessLine)*

'Govt measures kept G-Sec yield reined in despite repo hike'

field of the 10-year benchmark government security (G-Sec) has risen only by 32 basis points vis-a-vis the 90 basis points hike in the policy repo rate since the current rate hike cycle began on May 4. For the US, in the current rate hike cycle, which started from March, the Federal funds rate has been raised by 150 basis points whereas yield of its 10-year paper rose by 77 bps during the same period, according to Bank of Baroda's economic research report. *(BusinessLine)*

Rupee slips to historic low at 80.05 a dollar

The Indian rupee weakened to a historic closing low of 80.05 per U.S. dollar on July 20, 2022 as foreign portfolio investors continued to sell their Indian holdings and head back to the safety of the dollar and domestic oil importers too bought the U.S. currency for funding purchases. *(The Hindu)*

HDFC Bank-HDFC merger will aid credit growth in India

Despite the multiple unanticipated challenges that have put enormous strain on trade flows and the international financial system, HDFC Bank chairman said he was confident that the government and the RBI will manage to control inflation. *(The Economic Times)*

Companies with overseas liabilities rush to cover currency risk

With the rupee breaching the psychological ₹80 versus the US dollar for the first time and the spot market USD-INR gauge heading towards that mark, companies that have significant overseas liabilities fear margin pressure will impact their nascent revival after the pandemic. *(The Economic Times)*

Making sense of new ECB norms

The Reserve Bank of India last week relaxed norms for companies raising external commercial borrowings (ECBs), as part of a set of measures to stem the slide in the rupee. Mint explains the logic and implications of the move. *(Mint)*

How fintech-related policies are impacting the Indian economy

Fintech played a key role during the pandemic by disbursing credits and loans via digital payments. While the global economy was still reeling from the aftershocks of the COVID-

19 pandemic, the Russian invasion of Ukraine exacerbated the prevailing knightian uncertainties. (*Financial Express*).

The rise in the incidence of digital fraud

Frauds in the banking sector have been one of the key concerns not just for the regulator, but also the government and the banking industry. Today, a fraud incident is no longer viewed in isolation or as a one-off compliance issue. A recent Reserve Bank of India report also alluded to this fact. Addressing fraud risk has become a C-suite issue. (*Business Standard*)

RBI Lifts Curbs on Mastercard Over Issuing New Cards

The Reserve Bank of India (RBI) on Thursday, June 16 lifted restrictions imposed last year on Mastercard Inc over issuing debit and credit cards to new domestic customers. The decision follows satisfactory compliance on rules regarding storage of payment system data, the central bank said. (*Business Standard*)

States urged to exempt banks from Shop & Establishment Act

The finance ministry has written a letter to all states requesting them to exempt banks from the applicability and provisions of the Shop and Establishment (S&E) Act. This comes after some banks raised concerns about state governments trying to impose certain regulations on the lenders with regard to their specific labour laws. (*The Economic Times*)

Bank fraud cases decline by about 50% in FY'22, says MoS Finance, Bhagwat Karad

Comprehensive steps have been taken to tackle banking frauds, including an online searchable database of frauds reported by banks in the form of Central Fraud Registry to enable timely identification, control and mitigation of fraud risk and also to carry out due diligence during the credit sanction process, Minister of State for Finance Bhagwat Karad said in a written reply. (*The Economic Times*)

RBI to adopt four tiered regulatory framework for Urban Co-operative Banks

The Reserve Bank will adopt a four-tiered regulatory framework with differentiated regulatory prescriptions aimed at strengthening the financial soundness of the existing Urban co-operative Banks (UCBs). " This is expected to strengthen the financial resilience of the banks and enhance their ability to fund their growth." RBI said in its release. (*The Economic Times*)

RBI says products of 4 entities viable for cross border payments under regulatory sandbox

Products offered by four entities for 'cross border payments' have been found viable by the Reserve Bank of India (RBI) after they completed the test phase under the regulatory sandbox scheme. Regulatory sandbox usually refers to live testing of new products or services in a controlled/test regulatory environment for which regulators may (or may not) permit certain relaxations for the limited purpose of the testing. (*Financial Express*)

53 years of bank nationalisation: Time to bid adieu to public-sector Banks?

On this day 53 years ago, 14 private banks were nationalised. Then again in April 1980, six more private banks were nationalised. SBI was brought under the government control earlier in 1955 and its 7 associates in 1960. These 28 public-sector banks (PSBs) had their dominance until 1995 with almost 90 percent market share. The remaining market share was with the private banks. (*Financial Express*)

NITI Aayog moots licensing, regulatory framework for digital banks

The Centre's policy think-tank NITI Aayog has made a case for setting up digital banks, which would accept deposits and advance loans through digital means, and suggested a licensing and regulatory framework for such lenders. (*Business Standard*)

Too gung-ho about bank privatisation

An NCAER paper on the subject by senior economists overlooks the role played by PSBs in financial inclusion. (*BusinessLine*)

RBI reschedules MPC's next meet to August 3-5

The Reserve Bank of India on Thursday announced that the next meeting of the Monetary Policy Committee has been rescheduled to be held between August 3-5 due to some administrative exigencies. (*The Economic Times*)

Banks' NPA ratio likely to fall to 5-5.55% by March 2024: S&P

S&P Global Ratings on Thursday said non-performing loans of banks are expected to decline to 5-5.5% of the total advances by March 2024. As per the RBI's latest Financial Stability Report, the gross non-performing assets (GNPA) declined to a six-year low of 5.9% in March 2022. (*The Hindu*)



External Sector

Rupee's slide to hit imports, overseas education, travel

The Indian rupee nearing 80 to a US dollar will make imports of items from crude oil to electronic goods, overseas education and foreign travel costlier while raising fears that the inflation situation could worsen. (*BusinessLine*)

View: Rupee's less dramatic fall doesn't save the economy from its consequences

The Indian rupee, close to a historical low of ~80 per US dollar, has lost 7% from the start of 2022 — but the pace of depreciation has been far less dramatic compared with the effects of the two large global shocks in the 2010s. A weakening rupee, coupled with high global commodity prices, is bad news for India's import bill. Not only does that widen the trade gap, it works its way into the domestic economy by importing inflation. (*The Economic Times*)

Forex reserves dwindle by \$8 billion

India's foreign exchange reserves dwindled by \$8.062 billion to stand at \$580.252 billion in the week ended July 8, 2022. The sharp fall in reserves came in the wake of the Reserve Bank of India (RBI) selling dollars to prop up the rupee, which depreciated from 79.04 per Dollar on July 1 (Friday) to 79.26 on July 8 (Friday). The last time the reserves were around the \$580 billion. (*BusinessLine*)

Remittances from advanced nations beat flows from Gulf region in FY21

The share of the GCC region in India's inward remittances is estimated to have declined from more than 50 per cent in 2016-17 to about 30 per cent in 2020-21, according to the Reserve Bank of India's fifth round of Survey on Remittances. In contrast, AEs accounted for a 36 per cent share in 2020-21, as per the findings of the Survey (for 2020-21 reference period) published in the RBI's latest monthly bulletin. (*BusinessLine*)

India working on its negotiating stance as IPEF talks take off

India has started working on its negotiating position at the US-led Indo-Pacific Economic Framework (IPEF) for Prosperity launched last month, which focuses on tough areas such as e-commerce and labour, with talks already set to gain momentum in the 13-member grouping. *(BusinessLine)*

Stronger dollar to trigger more outflows from Asia

The dollar's relentless rise is threatening to trigger more outflows from Asia's emerging-market shares, spoiling hopes of the region making a comeback in the second half. A stronger greenback bodes ill for Asian stocks when it signals lower risk appetite and is also seen as negative for growth in emerging economies, many of which rely on imports priced in the currency. *(BusinessLine)*

FinMin expects falling rupee to make exports competitive

The US dollar has strengthened by over 25 per cent against the rupee in the last eight years, data provided by the Finance Ministry in the Lok Sabha reveals. Meanwhile, the Ministry said depreciation of the rupee is expected to boost export competitiveness, though imports would also get costlier. *(BusinessLine)*

Rupee trade settlement may lift tea, coffee shipments

The Centre's decision to allow international trade settlement in the rupee will give a fillip to the Indian tea and coffee exports, especially to countries such as Russia and Iran, the major buyers of the Indian beverages. "The rupee trade mechanism is a welcome step. As and when implemented, it will give a fillip to tea exports to the two most important countries Iran and Russia. *(BusinessLine)*

Russia seeks payment in UAE dirhams from Indian oil buyers

As Moscow moves away from the US dollar to insulate itself from the effects of Western sanctions, Russia is seeking payment in United Arab Emirates dirhams for oil exports to some Indian customers, said sources. An invoice seen by Reuters shows the bill for supplying oil to one refiner is calculated in dollars while payment is requested in dirhams. *(BusinessLine)*

Strong dollar to hit margins of white goods makers

With the rupee hitting a record low against the dollar, the consumer durable industry is concerned about its margin pressures ahead of the festival season. This comes at a time when the players are expecting some relief due to softening commodity prices. *(BusinessLine)*

Trade deficit, outflows warrant monitoring

Amid a hostile international environment, close and continuous monitoring of the widening trade deficit and portfolio outflows was warranted, strong reserve buffers notwithstanding, a team of officials led by RBI Deputy Governor M.D. Patra wrote in the RBI Bulletin. The officials, however, took comfort from the fact that recent moderation in commodity prices and easing supply chain pressures could help India escape the global inflation trap. *(The Hindu)*

India's exports up 16.22 pc during May-June to UAE after FTA implementation

Post signing the Comprehensive Economic Partnership Agreement (CEPA), India's exports to the UAE rose by 16.22 per cent to \$837.14 million during May-June this year.

Exports during the same period of the previous year stood at \$720.31 million. Under the pact, domestic exporters from various sectors like textiles, agriculture, dry fruits, gems and jewellery are getting duty-free access to the UAE market. (*The Economic Times*)

India's agri, processed food exports up 14% in Q1 FY23

India's exports of agricultural and processed food products rose 14% on-year in the first three months of FY23 to \$5.98 billion. The exports of these products were \$5.25 billion in the same period of the previous fiscal. Of the total \$23.56 billion export target for 2022-23, 25.4% has been achieved in the first three months. The exports of fresh fruits & vegetables rose 8.6% while those of processed food products like cereals and miscellaneous processed items grew 36.4% year-on-year in the first quarter of 2022-23 (*The Economic Times*)

Rupee @ 80: How worried should you be?

The Rupee breached the psychological mark of 80 for the first time ever has set off alarms if this slump signals a further deterioration of the Indian economy. This slump in Rupee, and other Asian currencies, is largely due to the underlying strength of the US Dollar and the foreign portfolio investments (FPI) equity outflows. The dollar has gained more than 10% this year and is now at a 20-year high. (*The Economic Times*)

Govt notifies method for IMC nod for atta export; maida, rava exports condition-free

The government on Monday notified the procedure to submit requests for seeking the approval of the inter-ministerial committee (IMC) to export wheat flour (atta) as per which the exporters would have to submit the purchase order or copy of the invoice along with documentary evidence in case the firm is ISO 22000 compliant. (*The Economic Times*)

India's PV exports jump 26% in April-June: SIAM

India's passenger vehicle (PV) exports rose by 26% in April-June 2022 aided by enhanced shipments to Latin America and Africa and a low base of the year-earlier quarter that was hit by the second wave of COVID-19. As per the latest data released by the Society of Indian Automobile Manufacturers (SIAM), PV shipments rose to 1,60,263 units in the April-June period of this fiscal as compared with 1,27,083 units in the same quarter of 2021-22. (*The Hindu*)

African continental free trade area presents huge opportunities for India: Exim Bank

India Exim Bank's study titled "Building a Resilient Africa: Enhanced Role of India" finds huge trade complementarity between India and Africa. India's total trade with Africa stood at \$ 82.5 billion in 2021, recording the highest ever level witnessed by both regions. Using ITC's export potential methodology, the study finds bilateral export potential of India and Africa at \$ 48 billion. (*The Economic Times*)

Trade deficit with China widens despite move to cut dependency

Just over two years after issuing a clarion call for building a self-reliant nation, India's trade deficit with China is on the rise. While imports from China grew by 12.75% in the first two months of the current fiscal, Indian exports to China fell 31% from a year earlier, putting pressure on the trade and current account deficits. (*Mint*)

India's rice export rates up as planting lags, floods ruin Bangladesh crop

India's rice export prices edged up this week as sowing of crop for the new season trailed the previous year in key growing areas, while flash floods ravaged supplies of the grain in

Bangladesh. The flash floods destroyed nearly 254,000 tonnes of rice, affecting over 400,000 farmers, according to an estimate from the country's agriculture ministry. (*The Economic Times*)

India's electronic goods exports surge 42% to Rs 1.17 lakh crore in the last fiscal: Government

Country's electronic goods exports surged about 42 per cent to nearly Rs 1.17 lakh crore in the last fiscal year. The export of electronic goods has substantially increased in the period 2017-18 to 2021-22 with a compound annual growth rate of 29 per cent whereas the production has grown with a compound annual growth rate of 17.9 per cent. (*The Economic Times*)



Agriculture and Rural Economy

Kharif area up after trailing for weeks

The sowing areas under all crops in the current kharif season has crossed halfway mark, reaching at 592.11 lakh hectares (lh) as of Friday, against 591.30 lh in the corresponding period last year. After trailing from year-ago level, the acreage has increased for the first time this season mainly due to significant improvement in areas under soyabean, moong, cotton and bajra in last 2-3 weeks while the gap in paddy areas has also narrowed down. (*BusinessLine*)

Proposals worth ₹23,000 cr received under Agri Infra Fund: Tomar

The Agriculture Ministry has so far received proposals worth ₹23,000 crore under the Agriculture Infrastructure Fund (AIF). Agriculture Minister Narendra Singh Tomar said: "So far, we have received proposals worth ₹23,000 crore, of which proposals worth ₹13,000 crore are under consideration. Banks have disbursed over ₹9,000 crore under the AIF, for which work are going on," (*BusinessLine*)

Rural-tech start-up Faarms raises \$10 million

Rural tech start-up Faarms has raised \$10 million in a recent funding round led by various global investors. The funds will be used to expand the start-up's geographical footprint in India, scale up their supply and distribution channels, recruit, and advance their technological infrastructure. (*BusinessLine*)

Only 50% of farmers benefited from loan waivers, says study

Only about half of the intended beneficiaries of farm loan waivers announced by nine States since 2014, have actually received debt write-offs, as per a study by State Bank of India's researchers. (*The Hindu*)

Farmers' average income grew 1.3-1.7x between FY18 and FY22, says SBI study

As the government grapples to meet its stated goal of doubling farmers' income by 2022-23, a study by India's largest bank, SBI, shows that between financial year 2017-18 and 2021-22, the average income of farmers rose by 1.3 -1.7 times across India, while in some crops like soybean in Maharashtra and cotton in Karnataka, incomes have in fact doubled during the same time. (*Business Standard*)

Grameen e-Store's Turnover Jumps 100% to ₹581 crore

The turnover of Common Service Centres (CSC)'s Grameen e-store has jumped nearly 100% on year in 2021-22 to ₹581 crore, sources told ET. Grameen e-stores had reported a turnover of ₹259 crore in the financial year 2020-21. *(The Economic Times)*

Tech-centric approach is the key: ICAR

Farmers' income has increased in the 125 per cent to 272 per cent range between FY17 and FY21, according to a study by the Indian Council of Agricultural Research (ICAR). *(BusinessLine)*

Onion output likely to be lower this kharif

Onion production will likely be affected this year as cultivation of the early kharif crop has been affected due to the vagaries of the monsoon in Maharashtra, while the acreage may drop in Gujarat and Karnataka. *(BusinessLine)*

Co-operative banks achieved 95% of target in agri loans disbursements in FY22

Cooperative banks achieved close to 95 per cent of the target in terms of disbursing agriculture sector loans in 2021-22. This is according to the data presented in the Rajya Sabha by the Ministry of Finance. In the previous two financial years, only 84 per cent of the target was achieved. *(BusinessLine)*

Wheat Prices Up 14% in 6 weeks on Low Supply

Wheat prices have increased 14% in the past six weeks, as supplies dwindled due to the monsoon season and there is demand for milling, which may now make products like flour, maida, suji, biscuits and bread costlier. *(The Economic Times)*

Syngenta to focus on digital agriculture in India

With India figuring among the top five of its priority countries, global agricultural science and technology major Syngenta plans to bring its latest seed and crop protection technology to India with a special focus on digital agriculture. *(BusinessLine)*

Farmers' income doubled for certain crops, shows SBI study

The incomes of farmers have almost doubled for certain crops in some states in the last five years, revealed a study conducted by SBI Research. According to the study, the incomes of soybean farmers in Maharashtra and cotton in Karnataka doubled during the period, while for all other cases it rose in the range of 1.3-1.7 times. The average incomes of wheat farmers in Rajasthan grew 1.3 times during the period, whereas groundnut farmers in Gujarat grew 1.5 times. *(The Economic Times)*

Centre sets up committee to strengthen MSP system

The government on Monday formed a committee on Minimum Support Price (MSP), eight months after it promised to set up such a panel while withdrawing the three contentious farm laws. Former agriculture secretary Sanjay Agrawal will be the chairman of the committee. *(The Economic Times)*

Odisha to support MGNREGS with additional 200 work days

The Odisha Government has decided to provide additional 200 days of work over and above the guaranteed 100 days of work mandated under the Mahatma Gandhi National Rural Employment Guarantee (MGNREG) Act, 2005 in the 20 migration-prone Blocks of the four districts of the State. In this regard, the State Cabinet headed by state Chief

Minister Naveen Patnaik on Tuesday approved a New State Sector Scheme-- State Support to MGNREGS. (*The Economic Times*)

Over 98,000 enterprises were set up under SVEP during the pandemic

The Start-up Village Entrepreneurship Programme (SVEP) is implemented by Deendayal Antyodaya Yojana- National Rural Livelihoods Mission (DAY-NRLM), Ministry of Rural Development, as a sub-scheme since 2016. The objective of SVEP is to support the rural poor to come out of poverty, support them to set up enterprises and provide support till the enterprises stabilise. (*BusinessLine*)

Amit Shah asks cooperative banks to focus on extending more long-term financing to agriculture sector

The government is building a database on cooperatives to expand this sector, as it is important for boosting farm growth and doubling farmers' income, Shah added. The incomes of farmers cannot be raised without improving the sector, especially irrigation, he pointed out, and urged cooperative banks to focus on providing loans for increasing irrigated land. (*The Economic Times*)



Industry, Manufacturing, Services and Technology

Time to turn industry-specific on price-sensitive information

Instances of market regulator censuring India Inc have been on the rise of late. While letting off companies with warnings, Securities and Exchange Board of India (SEBI) has said it would take severe action if such violations are repeated. Most of the warnings pertain to violation in disclosure standards by companies. (*BusinessLine*)

Pharma firms' R&D spend lags topline growth

BL Research Bureau, While a differentiated product portfolio can give pharma companies an edge on growth, they seem to be going slow on developing them, going by their R&D spends in recent years. Compared to a CAGR of 8 per cent in revenues over the last five years for top pharma players, the R&D CAGR has been slower at 2 per cent. This is in sharp contrast to the trend in the last 10 years for the same set of companies, where the growth in R&D spend was ahead of sales growth. (*BusinessLine*)

Gross absorption in industrial and warehousing facilities up 7% YoY; supply moderates

Activity in Grade A industrial and warehousing facilities continues to be resilient, with gross absorption during H1 2022 in the top 5 cities at 10.8 million sq feet, a 7% increase YoY, mentioned Colliers. Delhi-NCR accounted for the highest activity at 28% share, followed by Pune with 24% share in demand. However, on the supply side, vacancy declined by 24% YoY to 11.8 million sq feet in H1 2022. (*The Economic Times*)

India accounts for more than 13% of global start-up layoffs

Start-ups have been facing a tough time since the last quarter of 2022 with funds drying up following monetary policy tightening by global central banks and correction in equity markets. In a bid to please their investors, many start-ups had to downsize, reducing their staff strength. The number of start-up employees laid-off has surged since the beginning of 2022-23. (*BusinessLine*)

Sugar industry seeks additional 10 lakh tonnes export quota

The sugar industry has sought release of 10 lakh tonnes (lt) of additional export quota to mills and bringing back export under the “free” category from next season starting October 1. A sizeable quantity is likely to be cleared even if the government does not approve the entire 10 lt, sources said. *(BusinessLine)*

Gujarat, WB, Maharashtra top States

During the peak summer demand season of April and May, the average hours of power supplied to rural areas in the country stood at 21.48 hours a day with States such as Gujarat, Maharashtra, West Bengal and Andhra Pradesh providing electricity to villages for more than 23 hours. *(BusinessLine)*

RailMin revises service charge levied on food

Facing criticism from passengers, the Railway Ministry has dropped the ₹ 50 service charge on morning tea that it previously levied in cases of travellers not pre-booking it in premium trains. *(BusinessLine)*

India's rising medical devices imports hurt small and medium units

India's medical devices imports surged 41 per cent to touch Rs 63,200 crore in 2021-22, led by a 48 per cent year-on-year (YoY) jump in imports from China to Rs 13,538 crore, the commerce ministry data analysed by the Association of Indian Medical Device Industry (AiMeD) has showed. *(Business Standard)*

Power sector dues to Coal India up 10 per cent sequentially in June

The outstanding dues of State-run Coal India (CIL) from the Power sector rose 10 per cent on a month-on-month basis to ₹15,252.45 crore at the end of June 2022 from ₹13,825.20 crore in May. *(BusinessLine)*

HC stays guidelines prohibiting levying of service charge by restaurants

The Delhi High Court on July 20 stayed the recent guidelines issued by the Central Consumer Protection Authority (CCPA) banning restaurants and hotels across the country from levying service charge by adding it along with the food bill. *(The Hindu)*

Govt launches 3 schemes to strengthen MSMEs in pharmaceutical sector

The government on Thursday launched three schemes to strengthen Micro, Small and Medium Enterprises (MSMEs) in the pharmaceutical sector. Union minister Mansukh Mandaviya noted that the schemes envisage technology upgradation, setting up of common research centres and effluent treatment plants in clusters for the pharma MSMEs. *(Business Standard)*

Renewable sector added highest-ever quarterly capacity in Q1

The Indian renewable energy sector added its highest-ever quarterly capacity during the first quarter of this fiscal, driven by the solar power sector. During April-June 2022 period, the renewable energy sector added new capacity of 4,179 MW, which is the highest-ever quarterly addition in the sector, as compared to 2,522 MW (the previous highest capacity addition) in the year-ago quarter, an increase of 66 per cent. *(BusinessLine)*

Corporate funding for solar sector dips 11% in first half of 2022

The total corporate funding for the solar sector including venture capital funding, public market and debt financing, in the first half of 2022 stood at \$12 billion, which was 11 per

cent lower compared to \$13.5 billion in 1H 2021, according to a report by Mercom Capital Group. *(BusinessLine)*

Industrial corridors: Arteries of economic growth

Recently, Finance Minister Nirmala Sitharaman emphasized the need to map all industrial zones for understanding what can be brought under the transformative and holistic infrastructure development endeavour – the PM Gati Shakti initiative. In the range of industrial zones that were highlighted, industrial corridors come across as a crucial component in India's development trajectory. *(The Economic Times)*

Govt launches three schemes for pharma sector MSMEs

The government on Thursday launched three schemes to strengthen MSMEs in the pharmaceutical sector. Addressing the launch event here, Union Minister Mansukh Mandaviya noted that the schemes envisage technology upgradation, setting up of common research centres and effluent treatment plants in clusters for the pharma MSMEs. Small companies should be able to upgrade their facilities to global manufacturing standards, he said. *(BusinessLine)*



News on Kerala

Kerala becomes first State to have own internet service

Chief Minister Pinarayi Vijayan on Thursday said Kerala has now become the first and only State in the country to have its own internet service. The announcement came in the wake of the Kerala Fiber Optic Network Ltd, an ambitious IT infrastructure project of the government to make the internet accessible to everyone in the State, receiving the Internet Service Provider (ISP) license from the Department of Telecommunications. *(BusinessLine)*

Centre may infuse funds to increase trains' speed in Kerala

The Centre is making moves to infuse ₹20,000 crore in a phased manner to enhance the speed of trains along the existing network in State to 160km/hr, with an eye on the 2024 Lok Sabha elections. This will effectively put on hold the State's government's proposal for the SilverLine semi-high-speed rail corridor project, which promises to take commuters from Thiruvananthapuram to Kasaragod in four hours. *(The Hindu)*

Kerala opposes 5% GST on pre-packed, labelled food items

Seeking a rollback of the 5% Goods and Services Tax (GST) imposed on pre-packed, labelled food products, Kerala has registered its objection to the Centre's decision that is bound to strain home budgets and affect several sections. The State had demanded the reinstatement of luxury goods under the highest GST slab rate of 28%. The tax levied on such items had been decreased to 18% and 12% in the run-up to various elections. *(The Hindu)*

Kerala not to levy tax on products sold in small shops

Tax will not be collected in the State on items such as those produced by the Kudumbasree units and items sold in small shops in small packets or sold 'loose'. Replying to the discussion on the Kerala Finance Bill in the House, Mr. Balagopal said confusion continues to prevail over the Union government decision to impose the 5% tax rate hike. *(The Hindu)*

Kerala Bank sets new high in loan disbursal

Kerala Bank distributed loans to the tune of ₹40,950.04 crore in the last financial year (2021-22), said Minister for Registration and Cooperation V.N. Vasavan. Mr. Vasavan also said that Kerala Bank could register a robust growth in investment mobilization and loan disbursement in the last financial year. The bank has received deposits to the tune of ₹69,907.12 crore during this period from the ₹66731.61 crore clocked in the previous fiscal. *(The Hindu)*

CAG pulls up State again for off-budget borrowings

Off-budget borrowings have landed the Kerala government in trouble with the Comptroller and Auditor General (CAG) yet again with the latter painting a bleak picture of the State finances and noting that such borrowings through the Kerala Infrastructure Investment Fund Board (KIIFB) and Kerala Social Security Pension Ltd (KSSPL) have jacked up the State's overall debt by over ₹16,000 crore. *(The Hindu)*

Innovation Grants to support nascent start-ups in State

The Kerala Startup Mission (KSUM) has invited applications from start-ups and entrepreneurs for the State government's Innovation Grant to help them convert their innovative ideas into full-fledged ventures under the Kerala Innovation Drive 2022. There are five categories of grants – idea grant, productisation grant for women/transgenders, scale-up grant, productisation grant and market acceleration grant. *(The Hindu)*

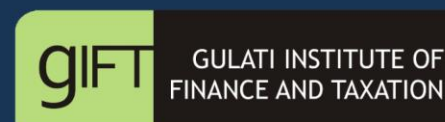
Central policies will deprive State of ₹23,000 cr.: Balagopal

Harmful Central financial policies will deprive the State of about ₹23,000 crore in the current fiscal compared to 2020-21, a situation which could seriously hobble the State's ability to fund welfare and development schemes, Finance Minister K. N. Balagopal informed the Assembly on Thursday. *(The Hindu)*

Kerala Tourism to promote 'Conscious Travel' in State

Kerala Tourism is now exploring ways to tap the potential of Conscious Travel, an emerging global trend which takes into account the impact of leisure travel on the ecology, community and culture of a region. As part of the new concept, tourists will be encouraged to take long-stay trips to a particular region rather than the traditional mass tourism where a large number of tourists flock to popular holiday destinations for a short period. *(The Hindu)*

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