



Weekly Compendium of Economic and Business Developments

(Period ending 16th July 2022)

PHD Research Bureau disseminates information to the members of PHD Chamber & other Industry stakeholders on various economic and business development issues at International, National and Sub-National arena such as IIP growth of June 2022, WPI inflation decreased in July 2022, RBI mechanism for International Trade Settlement in Indian Rupees (INR), among others. The details of disseminated information during the week ending 16th July 2022 are appended.

Indian Economy

- [RBI puts in place the mechanism for International Trade Settlement in Indian Rupees \(INR\)](#)- In order to promote growth of global trade with emphasis on exports from India and to support the increasing interest of the global trading community in INR, the RBI has decided to put in place an additional arrangement for invoicing, payment, and settlement of exports / imports in INR.
- [CPI inflation falls to 7.01% in June 2022](#)- According to The National Statistical Office (NSO), Ministry of Statistics and Programme Implementation (MoSPI), the CPI inflation falls to 7.01% (prov.) in June 2022 as compared to the 7.04% (final) in May 2022. The CPI inflation for rural and urban for the month of June 2022 is 7.09% and 6.9% respectively.
- [May 2022 IIP growth stands at 19.6%](#)- Growth in industry output, as measured in terms of IIP, for the month of May 2022 stands at 19.6% as compared to 6.7% in April 2022. The growth in the three sectors mining, manufacturing and electricity in May 2022 stands at around 10.9%, 20.6%, 23.5%, respectively over May 2021.
- [WPI inflation stands at 15.2% in June 2022](#)- The annual rate of Wholesale Price Index

(WPI) inflation stands at 15.2% (Provisional) for the month of June 2022 as compared to 15.9% (Provisional) for the month of May 2022 and 15.4% in April 2022.

- [India's Foreign Trade: June 2022](#)- India's overall exports (Merchandise and Services) grow by 23% in June; Exports growth in 1st quarter over 25%. Petroleum products, Electronic Goods, Textiles, Cereals, Leather products, Rice, Minerals, oil seeds, coffee and Gems & Jewellery record high exports growth during June.
- [Second Advance Estimates \(2021-22\) of Area and Production of Horticultural Crops](#)- The Department of Agriculture and Farmers Welfare released the Second Advance Estimates of Area and Production of various Horticultural Crops for 2021-22 compiled on the basis of information received from States/ UTs and other Governmental source agencies.

Our Voice

India is the only economy among the top ten leading economies which has shown consistent improvement in economic performance during the last four years: PHD Chamber- India's robustness amidst the testing times of COVID-19 and geo-political spill overs remains intact. The Indian Economy improved from 6th position in 2019 to 4th position in 2020, 3rd in 2021 and 2nd in 2022 among the top ten leading economies.

Despite the massive disruptions in both demand and supply side factors as caused by the COVID-19 pandemic and further geopolitical distress, India, through its effective dynamic policy environment, is the only economy among the top ten leading economies which has shown consistent improvement in its macroeconomic performance during the last four years.

The conjuncture of COVID-19 led economic crisis and the intensifying geopolitical distress have exposed the world economy to a diverse range of domestic and external vulnerabilities. The rank analysis of International Economic Resilience (IER), based on the 5 lead macroeconomic indicators, for each of the years of 2019, 2020, 2021 and 2022 suggests that India's macroeconomic endurance has consistently improved over the last four years as compared to the other leading economies in the world, and India is projected to improve to the IER rank of 2nd for the year 2022.

Germany and Canada both have gained the 1st Rank in the International Economic Resilience. Among the ten leading economies of the world, Germany's International Economic Resilience (IER) Rank has remained intact at 1st in the pre COVID year of 2019 as well as the post COVID year of 2022. Countries which have shown overall improvement in their IER position in 2022 vis-à-vis 2019 include Canada (IER Rank in Y2019 was 2nd & in Y2022 is 1st), India (IER Rank in Y2019 was 6th & in Y2022 is 2nd), Italy (IER Rank in Y2019 was 5th & in Y2022 is 4th), Japan (IER Rank in Y2019 was 8th & in Y2022 is 5th) and the USA (IER Rank in Y2019 was 7th & in

Y2022 is 6th).

On the other hand, countries which have shown a declining resilience include China (IER Rank in Y2019 was 2nd & in Y2022 is 3rd), UK (IER Rank in Y2019 was 3rd & in Y2022 is 5th), France (IER Rank in Y2019 was 4th & in Y2022 is 6th) and Brazil (IER Rank in Y2019 was 9th & in Y2022 is 7th).

India's greater and stronger supply-side interventions helped to improve its factors' mobility. The pace of economic activity remains strong due to the structural reforms undertaken by the Government during the last 2 years.

Going ahead, extracting the innate robustness of its underlying fundamentals and supported by a pragmatic and encouraging policy mix, Indian economy is projected to continue to grow at the fastest rate as compared to other leading economies in the world. As per the IMF estimates of April 2022 WEO, India's real GDP growth rate and merchandise export growth rate for 2022 are projected to be the strongest at 8.2% and 7.0% respectively.

At this juncture, further expansion of trade and industry would be imperative to sustain the growing economic momentum. Further encouragement to MSMEs, agricultural and manufacturing sectors to make Indian supply chains more diverse will go a long way in realizing India's economic recovery, further strengthening its economic resilience, and thus allowing for its even faster adaptation to such unprecedented times.

Going forward, there is a greater need for the Indian economy to focus more on long-term growth prospects which would help leverage the ever-evolving geostrategic opportunities.

It is suggested that India calibrate its economic policies in such a way that helps to take advantage of its external economic environment to foster an even stronger internal transformation. Further, even a more pronounced thrust on prioritising innovation would be a vital ingredient to unlock post COVID economic growth.

Therefore, further improvement in ease of doing business would help uplift business confidence and pull a larger number of both domestic and foreign investments to the Indian economy.

The post-COVID new normal is absolutely distinctive from the pre-COVID times. The concerted efforts of the central Government and the state Governments, through harmonization of both monetary and fiscal policy measures, would help address the challenges posed by rising inflationary pressures, thus allowing the Indian economy to further nurture its resilience and hence come out of the compounded effects of pandemic induced structural constraints.

Economy so far

- **Why India ramped up Russian oil imports, easing pressure on Moscow-** Since the start of the war in Ukraine, the United States and its allies have leaned on countries to buy less Russian oil in a bid to punish Moscow for its aggression. Indian refiners have done the opposite, snapping up more Russian crude while the government explores ways to protect domestic oil firms from punishment should they fall foul of sanctions.
- **India may increase coal imports from Russia to 40 MT by 2035: Russian official-** India is ready to raise thermal and coking coal imports from Russia to 40 million tonnes tonnes by 2035, provided logistics issues are fixed, a Russian official said. The statement assumes significance as several parts of India had witnessed power outages in the wake of coal shortages in the summer months of April and May.
- **Chinese textile industry suffers profit erosion, orders flow to Vietnam, India-** Due to the shrinkage of global markets and subsequent fall in demand, Chinese Textile Industries suffered profit erosion throughout the pandemic period and will continue to bear the loss due to rising raw material prices, read a report by First Finance and Economics Daily of China.
- **Diwali target for India-UK FTA possible but not definite, say experts after PM Johnson's exit-** It is always good to have a deadline to work towards while negotiating a free trade agreement (FTA) but the Diwali target set for the India-UK FTA by the outgoing British Prime Minister Boris Johnson does not have to be set in stone, according to strategic and industry experts here. At the end of a week of monumental political turmoil which ended with Johnson announcing his resignation to make way for a new Prime Minister in a few months' time.
- **Centre directs leading Edible Oil Associations to reduce prices by Rs. 15 with immediate effect-** The Department of Food and Public Distribution in a meeting on July 6th 2022 has directed leading Edible Oil Associations to ensure reduction in the MRP of edible oils by Rs. 15/- with immediate effect. The Centre also advised that the price to distributors by the manufacturers and refiners also needs to be reduced immediately so that the price drop is not diluted in any way.
- **Centre may allocate Rs 44,000 cr to oil firms to compensate for LPG losses-** The oil ministry is planning to allocate Rs 44,000 crore as compensation to state-run oil companies for the losses they have been bearing by selling domestic cooking gas at below-market rates, a report by The Economic Times reported, quoting people aware of the matter. The petroleum and natural gas ministry would allocate the amount that would offset the losses of oil marketing firms on LPG sales in FY22 and FY23 and provide subsidies to Ujjwala customers this year.

- **Government expects more companies to reduce MRP of edible oils-** The government on Friday said it expects more companies to reduce maximum retail prices of cooking oils by up to Rs 15 per litre to pass on the benefit of fall in global commodity prices to consumers. Amid cooking oil prices ruling high in the domestic market, the government on Wednesday directed edible oil companies to reduce the prices.
- **EPFO to soon disburse pension to over 73 lakh pensioners in one go via central system-** Retirement fund body EPFO will consider and approve a proposal for setting up a central pension disbursement system in its meeting on July 29 and 30, paving the way for crediting the benefit into over 73 lakh pensioners' bank accounts in one go across India. Presently, over 138 regional offices of the Employees' Provident Fund Organisation (EPFO) disburse pensions to beneficiaries in their region separately.
- **CBIC to issue SOP for GST summons, notices-** The Central Board of Indirect Taxes and Customs (CBIC) will soon come out with a detailed standard operating procedure (SOP) for serving summons and notices under the goods and services tax (GST) regime, to prevent harassment of businesses. Officials told the new SOP will also allow the board to closely monitor the GST probe, including its progress and the line of investigation adopted, which will make officials more accountable and the process more transparent.
- **Foreign lenders seek clarity on ECB borrowers' rating-** Several foreign lenders engaged in raising overseas loans and bonds for Indian companies have sought clarity from the central bank on whether the relaxed rules on higher offshore borrowing will apply only to globally higher rated firms. Such a criterion threatens to limit the number of potential beneficiaries, said people familiar with the matter.
- **Commodities slump is set to give India relief from inflation-** India's policy makers and consumers will be cheering a steep slump in commodities, especially palm oil, which could bring about a few months of "surprisingly low" food inflation. Cooking oils, used to make practically every staple dish in India, have tumbled to their lowest levels in months on rising supplies and as investors cut bullish bets. That's easing concern about runaway inflation and expectations of more aggressive interest rate hikes.
- **RBI Governor Shri Shaktikanta Das asks states to find out effective ways to address debt issues-** Reserve Bank of India (RBI) Governor Shaktikanta Das on Thursday asked state governments to find out effective ways to address the issues related to debt and cash management. The governor was addressing the 32nd Conference of the State Finance Secretaries (SFS).

- **Rupee falls 10 paise to 79.23 against US dollar-** The rupee declined by 10 paise to close at 79.23 (provisional) against the US dollar on Friday, tracking the strength of the American currency in the overseas market. At the interbank foreign exchange market, the local currency opened at 79.20 and finally ended at 79.23, down 10 paise over its previous close of 79.13.
- **Loan growth, higher margins, lower costs to drive bank bottom lines in Q1-** Indian banks are expected to post strong core earnings growth in the June quarter, with healthy traction in advances, improved margins and decline in credit costs. However, rising yields could result in marked-to-market losses impacting the earnings momentum.
- **India equity MF inflows to remain soft in current quarter: Industry body-** Inflows in India's equity mutual funds dropped more than 16% in June compared with May and are likely to remain weak in the current quarter due to worries over interest rate hikes and inflation, an industry body said on Friday. Mutual funds that invest in equities showed a net inflow of 154.98 billion rupees (\$1.96 billion) in June, compared with 185.29 billion rupees in May, data published by the Association of Mutual Funds in India (AMFI) showed.
- **India's foreign exchange reserves fell by \$5 billion in the week to July 1-** India's foreign exchange reserves got depleted by \$5 billion in the week ended July 1, as foreign portfolio investors continued withdrawing investments from local equities leading to the rupee's slide to below 79 per dollar for the first time in history. The Reserve Bank of India responded to the rupee's fall with steps to attract capital inflows on July 6, but the measures would take time to foreign currency demand-supply imbalance, economists said.
- **Paddy sowing down by 24%, oilseeds 20% so far due to less rains in some parts: Govt data-** The area under coverage for paddy declined 24 per cent to 72.24 lakh hectares so far in the ongoing Kharif sowing season, while oilseeds acreage is lower by 20 per cent at 77.80 lakh hectares because of delay in the progress of monsoon rains in some parts of India, the agriculture ministry data showed. Paddy was sown in 95 lakh hectares and oilseeds in 97.56 lakh hectares in the same period of the 2021-22 crop year (July-June).
- **Ministry of Petroleum and Natural Gas launches Open Acreage Licensing Programme Bid Round-VIII-** The Hydrocarbon Exploration and Licensing Policy (HELP) was promulgated on 30 March 2016. Since then seven rounds of Open Acreage

Licensing Programme (OALP) have already been concluded and 134 Exploration & Production blocks awarded comprising 2,07,691 sq.km. of area spread across 19 sedimentary basins.

- **Govt issues corrigendum to withdraw excise on ATF for international flights-** In a move that is likely to bring major relief to airlines, the government has rolled back eleven per cent excise duty on aviation turbine fuel used for international operations. The finance ministry issued a corrigendum on Thursday withdrawing the duty.
- **Collectors told to enforce new rules on hotel service charge-** The Central Consumer Protection Authority (CCPA) has directed district collectors to ensure enforcement of guidelines issued with regard to service charge by hotels and restaurants. On receiving complaints, the district collectors have been directed to conduct an investigation and submit the report to the CCPA within 15 days.
- **RBI Governor Shaktikanta Das asks states to find out effective ways to address debt issues-** Reserve Bank of India (RBI) Governor Shri Shaktikanta Das had asked state governments to find out effective ways to address the issues related to debt and cash management. The governor was addressing the 32nd Conference of the State Finance Secretaries (SFS).
- **Panel on GST Appellate Tribunal formed, report by month-end-** The GST Council has set up a Group of Ministers, chaired by Haryana Deputy Chief Minister Dushyant Chautala, to suggest required changes in the law for setting up the GST Appellate Tribunal (GSTAT). The GST Council, chaired by Finance Minister Nirmala Sitharaman and comprising state ministers, had last week decided to constitute a Group of Ministers (GoM) to address various concerns raised by states in relation to constitution of the GSTAT.
- **Tata Motors global wholesales up 48 pc to 3,16,443 units in Q1-** Tata Motors on Friday said its global wholesales, including that of Jaguar Land Rover, rose 48 per cent to 3,16,443 units in the first quarter of the current fiscal. The auto major had dispatched 2,14,250 units to dealers in the April-June quarter of 2021-22. Global wholesales of all Tata Motors' commercial vehicles and Tata Daewoo range in the first quarter stood at 1,03,529 units as compared with 52,470 units a year ago.
- **Large retail chains' sales at pre-Covid levels in Jan-June-** Sales have recovered to pre-pandemic levels at large retail chains, also known as modern trade, in the January-June period owing to low infection rates, a pick-up in consumer mobility and withdrawal of all Covid curbs, said researchers and consumer goods makers. Also, the

pace of ecommerce channel growth has slowed compared with the previous two years.

- **88% street vendors regularly repaying PM SVANidhi loans-** About 12% of the loans disbursed to street vendors under PM SVANidhi scheme have been reported as non-performing assets (NPAs). The micro credit scheme, unveiled on July 2, 2020 to provide easy loans to street vendors in the wake of Covid-19, gave out the first tranche of loan of Rs 10,000 to street vendors, followed by Rs 20,000 as second tranche and Rs 50,000 as third tranche.
- **Rupee settlement will help India trade with Russia, Iran and South Asian neighbours: Experts-** The Indian central bank's decision to let importers pay with rupees and exporters be paid in rupees is likely to make trade easier with Russia and South Asian neighbours, and will help a long term goal to internationalise the currency, experts said. On Monday, the Reserve Bank of India said it had put in place a mechanism for international trade settlements in Indian rupees (INR) with immediate effect.
- **Neighbours, Russia can help convert 16.38% of India's trade into rupees-** The Reserve Bank of India (RBI) introduced on Monday a mechanism to settle international payments in rupee. India could convert 16.38 per cent of its total trade from US dollars into rupees if its neighbours (excluding Pakistan) and Russia, which is under Western sanctions, follow the central bank's policy, according to analysis of Ministry of Commerce's data. India's total trade volume with the world stood at Rs 77.15 trillion in FY22. Rupee's use in trade settlement would help the RBI in conserving foreign exchange.
- **Exports likely to record reasonable level of growth in 2022-23: Shri Goyal-** The country's exports are likely to register a "reasonable level" of growth in the current financial year despite the global uncertainties on the trade front, Hon'ble Commerce and Industry Minister Shri Piyush Goyal has said. Clearly, there are signs of a global slowdown in international trade and India is keeping a "watchful" eye on the developments by talking to all the export promotion councils and large exporters, and engaging with the Indian missions abroad, he said.
- **Gold struggles for traction as interest rate hike bets, dollar dim appeal-** Gold steadied on Tuesday after dropping to a nine-month low earlier as investors positioned for U.S. economic data, with a strong dollar and bets for steep interest rate hikes still keeping a leash on non-yielding bullion. Spot gold was little changed at \$1,734.59 per ounce by 0916 GMT after hitting \$1,722.36 earlier in the session, its

lowest since Sept. 30. U.S. gold futures rose 0.1% to \$1,733.60.

- **PM Gati Shakti portal: A game changer to achieve \$20-trillion economy by 2040-** Infrastructure development is a critical enabler to achieve a \$20 trillion economy by 2040. The series of structural reforms announced as we enter what PM Narendra Modi called the 'Amrit Kaal' has set the foundation for faster economic growth on the back of infrastructure development. Last year, a step towards this was taken by launching the PM Gati Shakti National Master Plan (NMP) in October 2021.
- **May 2022 IIP growth stands at 19.6%-** Growth in industry output, as measured in terms of IIP, for the month of May 2022 stands at 19.6% as compared to 6.7% in April 2022. The growth in the three sectors mining, manufacturing and electricity in May 2022 stands at around 10.9%, 20.6%, 23.5%, respectively over May 2021.
- **Government will tap capital markets to fund road projects: Shri Nitin Gadkari-** Hon'ble Union Transport Minister Shri Nitin Gadkari said the government will raise funds from capital markets for road projects. The minister further said despite fears of global recession, there is no problem in funding infrastructure sector projects.
- **CPI inflation falls to 7.01% in June 2022-** According to The National Statistical Office (NSO), Ministry of Statistics and Programme Implementation (MoSPI), the CPI inflation falls to 7.01% (prov.) in June 2022 as compared to the 7.04% (final) in May 2022. The CPI inflation for rural and urban for the month of June 2022 is 7.09% and 6.9% respectively.
- **Banks to report mark-to-market losses of Rs 13,000 crore on rising bond yields: Report-** Rising bond yields will force banks to report mark-to-market losses of up to Rs 13,000 crore on their investment portfolios in the April-June quarter, a report said on Tuesday. Profits will moderate for the quarter, but improved loan growth and operating profits will ensure that the banks' bottom lines remain "steady" for FY23, the report by domestic rating agency Icra NSE -0.39 % said.
- **PE investment inflows into the Indian real estate stands at \$704 million in Q2 2022-** Private equity investment inflows into the Indian real estate sector stood at USD 704 million (INR 56 billion), according to the latest data by Savills India, a global property consulting firm. The current macro-economic situation influenced in part by the global tensions, commodity constraints, resultant inflationary pressures and monetary tightening are yet to impact the real estate investment markets.

- **Rupee down 15 paise to all-time low of 79.60 against US dollar-** The rupee declined 15 paise to close at a new lifetime low of 79.60 against the US dollar as a strong greenback overseas and weakness in domestic equities continued to weigh on investor sentiments. At the interbank forex market, the local unit opened weak at 79.55 against the greenback and witnessed an intra-day high of 79.53 and a low of 79.66.
- **NCLT directs tax department to return TDS to bankrupt Precision Fasteners-** The bankruptcy court has directed the income tax department to return the tax deducted at source (TDS) from Precision Fasteners after the auto-component maker was referred for liquidation. The ruling is expected to set a precedent in several such cases where the revenue department is seeking to recover statutory dues from companies facing liquidation.
- **PSBs set to go live on account aggregator platform soon-** SBI, Canara Bank, Punjab National Bank, and Indian Bank have started their implementation. The account aggregator ecosystem is set to get a major boost with the public sector banks gearing up to join the platform.
- **Debt mutual funds see ₹92,248-crore outflow in June on uncertain macro environment-** Mutual funds focused on investing in fixed-income securities witnessed a heavy outflow of ₹92,248 crore in June on uncertain macro environment, driven by expectations around an increasing rate cycle, higher commodity prices and slowdown in growth. This comes following a net outflow of ₹32,722 crore in May and an inflow of ₹54,756 crore in April, data available with Association of Mutual Funds in India (Amfi) showed.
- **Banks' profitability likely to remain steady in Q1FY23: ICRA-** Even though banks are expected to incur mark-to-market (MTM) losses of ₹10,000 crore to ₹13,000 crore in Q1FY23, their profitability is likely to remain steady driven by improved loan growth and core operating profits, per ICRA's assessment.
- **FPOs, farmers in a bind over futures trading ban on select agri commodities-** The unexpected one year ban on futures trading in slew of agriculture commodities has left scores of Farmers Producers Organisations (FPOs) high and dry. Many FPOs, which had bought agriculture commodities from farmers during the initial arrival time just after the harvest, are in a soup as the prices have plunged ever since and they were not able to hedge their risk on futures exchange.
- **Maize exports from India down to a trickle-** Domestic prices are ruling higher, making

maize exports unfeasible. Maize (corn) exports from India have dropped to a trickle as high domestic prices have made its shipments uncompetitive in the global market.

- **Shri Nitin Gadkari calls for an organisation for Indian construction equipment manufacturing industry for research and giving appropriate technology for the future-** Hon'ble Union Minister for Road Transport and Highways Shri Nitin Gadkari has said there should be an organisation specially for Indian construction equipment manufacturing industry which can do research and give appropriate technology for the future as futuristic planning is very important like ARAI in the automobile sector. Addressing ICEMA's Annual Session 2022 he said the ministry will support in making of this organisation which can be qualitatively helpful for development of futuristic technology .
- **Indian staffing industry adds 0.22 million workforce in 2021-22-** The Indian staffing industry added 0.22 million workforce in 2021-22, which is 21.9% higher than the formal workforce addition in the preceding year and sharply exceeds the workforce demand in the pre-pandemic years, the Indian Staffing Federation said. According to ISF Annual Report 2021-22, the net new employment for general staffing grew 21% more with addition of 0.15 million new formal workforce while the rest was in IT and professional services.
- **ICRA expects hotel industry revenues, margins to return to pre-Covid levels in FY23-** The hotel industry's revenues and margins are expected to return to pre-Covid levels in FY23 despite potential impact on demand in case of further waves of Covid, according to ratings agency, ICRA. Domestic leisure and transient travel will be the main demand drivers, although there will be a gradual recovery in business travel and foreign tourist arrivals (FTAs), ICRA said in a statement.
- **Jharkhand to have 14 new air routes, 3 more airports: Shri Jyotiraditya Scindia-** Hon'ble Civil Aviation Minister Shri Jyotiraditya Scindia announced that Jharkhand is set to get three more airports. He also said that 14 new air routes will be made available in the state to increase connectivity.
- **Andhra Pradesh returns under Pradhan Mantri Fasal Bima Yojana, farmers will get crop security - Shri Tomar-** The Andhra Pradesh government has decided to rejoin the ambitious Pradhan Mantri Fasal Bima Yojana (PMFBY) following talks between the Hon'ble Union Minister of Agriculture and Farmers Welfare, Shri Narendra Singh Tomar and the Hon'ble Chief Minister of Andhra Pradesh, Shri Y.S. Jagan Mohan Reddy. Shri Tomar appreciated this step of the state government. With this important decision, crops of more than 40 lakh farmers of the state will get insurance cover in

case of natural calamity.

- **NMDC cuts prices of lump ore, fines by Rs 500/tonne each, stock falls 5%-** The country's largest iron ore producer NMDC has slashed the prices of lump ore and fines by Rs 500 a tonne each. Consequently, the company's stock fell over 5% on BSE on Tuesday. The prices are effective from Tuesday, the company which is also the largest seller of the mineral said in a regulatory filing.
- **Udan spreads wings, Delhi-Shimla and Kolkata-Deoghar among new routes-** In April 2017, Hon'ble Prime Minister Narendra Modi flagged off Alliance Air's Delhi-Shimla flight heralding a new era in regional air connectivity. The flight, however, was suspended in March 2020 and Shimla virtually fell off the aviation map. But there is good news for travellers. The Delhi-Shimla route is among nine that airlines plan to launch in the next 50 days under the civil aviation ministry's Udan scheme. On Tuesday, IndiGo launched its service between Kolkata and Deoghar in Jharkhand after the PM inaugurated its new airport, built at a cost of Rs 401 crore.
- **IISc researchers develop technology to generate green hydrogen from biomass, an abundant renewable energy source-** A team of researchers at the Indian Institute of Science (IISc) in Bengaluru has developed a technology to produce hydrogen from biomass. India uses nearly 50 lakh tonnes of hydrogen for various processes in different sectors, and the hydrogen market is expected to grow substantially in the coming years, according to S Dasappa, Professor at the Centre for Sustainable Technologies, and Chair of the Interdisciplinary Centre for Energy Research at IISc., who led the research efforts.
- **Nomura slashes India 2023 GDP forecast to 4.7% as it expects a growth slowdown -** As worries of recession pick up across the world in an inflationary environment, analysts at Nomura have cut India's 2023 growth forecast to 4.7% from 5.4% earlier as it expects growth to slow down over the next year. For FY23, they see GDP growth at 7.0% and at 5.5% for FY24. The Indian economy has been climbing above pre-pandemic levels and the improvement in growth has been broad-based across consumption, investment, industry and the external sector.
- **India's inflation could dip to 5 per cent by March: SBI Research Report-** There is only 20-30 per cent likelihood of a global recession and chances of prolonged stagflation in the economy seem more, according to State Bank of India, research report Ecowrap's latest edition, which has projected that India's inflation rate is expected to come closer to 5 per cent by March 2023. "The fear arises that spiralling inflation and an aggressive monetary policy tightening cycle may lead to the recession, particularly in

the US economy. However, the fear is unfounded," it said.

- **India's move on rupee settlements may help trade with Russia** - India's central bank this week introduced a new mechanism for international trade settlements in rupees, aiming to promote exports and facilitate imports. Besides promoting international use of the local currency, many exporters and economists see the measure as a way to promote trade with countries that are under Western sanctions, such as Russia and Iran.
- **Auto, consumer companies boost imports on supply fears** - Automobile and consumer goods makers in India are beefing up their imports to stock up on raw materials, components and finished goods for the upcoming festive season as rising Covid cases in China fan fears of new restrictions that could hobble global supplies. Electronic companies said they are pushing up imports by 30-35% despite low demand and production cuts in the last two months due to inflation, fearing stricter restrictions in China and an increase in shipping rates that could adversely impact their festive season inventory.
- **Trade in national currencies to boost India's trade with Central Asia & extended neighbourhood** - India's decision on international trade via national currencies can be considered a milestone event not only enabling Rupee-Rouble trade but also New Delhi's trade in the immediate and extended neighbourhood including Iran and Central Asia and South Caucasus. The new decision is expected to boost trade via the International North-South Transport Corridor (INSTC). INSTC will not only use Bandar Abbas Port of Iran but also Chabahar Port. The internationalization of the rupee could lead to multipolar financial structure originally envisaged by the BRICS. The Central Asian states and Southern Caucasus have strong links with the Russian systems and India's trade with this region in national currencies would come handy for businessmen here.
- **New Australian government supports trade pact with India: Shri Piyush Goyal** - The new Australian government supports the trade pact signed with India, and they are expected to soon approach their parliament for approval of the agreement, Hon'ble Commerce and Industry Minister Shri Piyush Goyal has said. India-Australia Economic Cooperation and Trade Agreement (ECTA) signed in April needs ratification by Australian parliament before its implementation. The agreement, once implemented, will provide duty-free access to the Australian market for over 6,000 broad sectors of India, including textiles, leather, furniture, jewellery and machinery.
- **India-China trade goes up to over USD 67 billion in first half of the year amid surge in Chinese exports** - The India-China trade is on course to cross USD 100 billion for the second consecutive year as it has gone up to USD 67.08 billion in the first half of this

year amid a big surge of Chinese exports, official trade data released here said on Wednesday. China's exports to India have gone up to USD 57.51 billion, up by 34.5 per cent last year while Indian exports to China fell to USD 9.57 billion, a decline of 35.3 per cent compared to last year.

- **Inflation in India to be about 5% by March 23, reveals SBI report** - The State Bank of India (SBI) expects the inflation in India to be about five per cent by March 23. In a research report, the SBI also said the 7.01 per cent consumer price index (CPI) inflation announced by the Indian government on Tuesday for June 2022 confirms the fact that the peak point has passed. According to the SBI report, CPI inflation attributable to supply side factors started moving up after September'21 while demand led CPI remained more or less constant.
- **RBI meets bank executives to get market pulse** - The Reserve Bank of India met treasury managers and senior executives of large banks on Tuesday to get the pulse of the market as the rupee plunged to a new low and investors turned cautious on buying more government bonds after rising yields inflicted losses on them, people familiar with the matter said. This comes amid a falling rupee, which has triggered a slew of regulatory actions aimed at bringing back overseas inflows and cutting import-related dollar payments.
- **Government watchful of price situation; pointed attack on inflation to continue: Hon'ble Finance Minister Smt Nirmala Sitharaman** - With consumer price inflation remaining high, Hon'ble Finance Minister Smt. Nirmala Sitharaman recently said the government is watchful of the price situation and will continue the pointed attack on inflation. Her remarks came hours after official data showed that retail inflation in June eased to 7.01 per cent in June. The print was lower than 7.04 per cent recorded in May but still higher than RBI's comfort level of 6 per cent.
- **Sebi's market risk factor disclosures will generate detailed datasets: Commodity Participant Association of India (CPAI)** - Commodity Participant Association of India (CPAI) on Monday said capital markets regulator Sebi's planned move on market risk factor disclosures will generate detailed datasets. According to sources, the regulator is planning to issue regular 'risk factor disclosures' on market trends, including surges and collapses, to help investors make right decisions by learning from the regulator's insights.
- **The RBI's efforts to achieve a leaner inflation print have a 'core' problem** - The latest retail inflation print for the month of June may have stayed flat at 7 per cent but a closer look at the numbers reveal a sticky core that makes RBI's fight against rising

prices difficult. Apart from a breather in June largely owing to government's intervention on the fiscal front by lowering taxes on fuel, the overall inflation trajectory still looks uncertain. Global uncertainty looms large amid fears that aggressive central bank manoeuvres could tip the advanced economies into a recession.

- **Passenger vehicle sales rise by 19 percent in June as chip supply improves** - Passenger vehicle wholesales in India rose by 19% annually in June owing to improvement in semiconductor supplies, stated the Society of Indian Automobile Manufacturers (SIAM) yesterday. According to the latest data released by SIAM, passenger vehicle (PV) dispatches to dealers stood at 2,75,788 units last month against 2,31,633 units in the same period of preceding year.
- **Need strong policy intervention in energy use: International energy agency (IEA)** - With global oil inventories remaining critically low, a strong policy intervention on energy use could prevent risks of collapse of world economic recovery, said the International energy agency yesterday. Benchmark crude futures have tumbled by more than \$20/bbl since early June, trading below \$100/bbl at the time of writing.
- **Ethanol blending in fuel crucial for energy security: Hon'ble Union minister Shri Rameswar Teli** – Hon'ble Union minister Shri Rameswar Teli has said augmenting ethanol blending in fuel was critical for the energy security of the country as it would help in reducing import of fuels. Teli said exploration for oil and natural gas would start soon in Meghalaya and other states of the Northeast, adding that the Union government was focusing on it with an aim to make India a self-reliant country in energy requirements.
- **Japan set to expand energy transition support to India** - Japan plans to provide support to India to drive the transition to clean energy, expanding a programme it launched last year for Southeast Asian nations, Industry Minister Koichi Hagiuda said yesterday. Japan's 'Asia Energy Transition Initiative' initially targeted supporting countries in the Association of South East Asian Nations (ASEAN) pushing towards net-zero carbon emissions, including \$10 billion in finance for renewable energy, energy efficiency and liquefied natural gas (LNG) projects.
- **Hon'ble Power minister Shri R K Singh expects energy crisis to persist** - India's power minister said on Wednesday the current global energy crisis is likely to go on for some time due to the "cartelisation" of the fossil fuel industry, not just because of the Ukraine conflict. The crisis has been caused by the trend towards cartelisation, the trend towards reaping profits, as vast profits as possible as fast as possible, he said.

- **Food and beverage companies eye global tieups as business revives** - A dramatic comeback of the food and beverage (F&B) industry and booming consumption post declining Covid-19 cases is boosting tie-ups and partnership talks between global brands and domestic companies. India's restaurateurs are also eyeing ambitious global opportunities as other countries ease curbs.
- **Generic drug companies in no hurry to launch new Covid products** - After taking progressive measures in the last two years, Indian generic drugmakers are going slow in investing further on Covid-related products as the momentum begins to shift to other therapies, some pharmaceutical industry executives told ET. India on Tuesday witnessed a dip in the daily Covid-19 cases as the country reported 13,615 new cases in 24 hours, down from 16,678 cases on Monday.
- **Fuel supply eases at private retail outlets, but sales slow** - The government's move to impose cess on exports of diesel, petrol and aviation turbine fuel (ATF) on 1 July has meant regular fuel supply to private fuel retailers. Fuel retailers ET spoke to said, private fuel retailers, are now ready to meet their fuel demand but due to monsoon and retail price differential between PSU and private pump prices, customers are few to stop by.
- **India preparing to submit new climate targets to UN ahead of COP27 talks** - India is set to finally submit official plans to cut emissions to the United Nations, as one of the world's largest polluters backs away from a threat to withhold more climate commitments until rich nations provide more funds for poorer countries. The South Asian country is preparing to put forward the document — an obligation under the Paris Agreement — in September, according to people with knowledge of the matter, just weeks before crucial COP27 climate talks in Egypt. The official commitment would come close to a year after countries were told to submit updated targets by the UN before last November's summit in Glasgow.
- **Windfall tax review more likely now after fall in global crude prices** - A massive crash in refining margins of diesel, petrol and ATF coinciding with a cool-off in crude oil prices from their peaks in June has diminished the super-profits of refiners, a report said yesterday. In a surprise move, the government on July 1 slapped export duties on petrol and ATF (Rs 6 per litre or USD 12 per barrel) and diesel (Rs 13 a litre or USD 26 a barrel) and imposed a windfall tax on domestic crude production (Rs 23,250 per tonne or USD 40 per bbl).
- **GST hike to nullify progress of last 8 years: LED makers** - The increase in the GST rate

on LED bulbs to 18% will nullify the efforts made by the government in the last eight years to replace incandescent bulbs, according to manufacturers. LED lamp manufacturers said that the rate hike would widen the gap between inefficient bulbs and LED lamps and slow down the transition. The recent decision to increase the rate to 18% from 12% will result in a 6% flat increase in the prices of LED lighting products.

- **Policy on good agriculture practice soon** - The government is working on a policy on 'Good Agriculture Practice' to benefit the Indian agriculture sector, said Shri Manoj Ahuja, Secretary, Ministry of Agriculture and Farmers Welfare.
- **Mumbai CNG, PNG prices hiked** - State-run utility Mahanagar Gas on Tuesday announced yet another increase in the retail price of compressed natural gas (CNG) and piped natural gas (PNG) in Mumbai by Rs 4/kg and Rs 3/SCM respectively, effective July 13. The distributor attributed the continuing price increases to rising input gas cost and the fall in the rupee. The company has been sourcing gas from the overseas market to meet the shortfall in domestic gas allocation.
- **Now, EPFO has more time to decide when to sell stocks** - The Employees' Provident Fund Organisation has advanced its decision making on offloading equity to August instead of February, in a move that will help the retirement body plan liquidation of its equity investments better. A senior government official told ET that the EPFO was so far taking a decision to offload equity in February and had less than a month to realise the capital gains basis which it declared the rate of interest on PF deposits for the concluding year.
- **Rupee edges closer to 80 per US dollar, here is how it can impact you:-**A blowout inflation print from the US and the prospect of a recession have analysts in a tense huddle over the Indian National Rupee's (INR) descent. CPI inflation in the US came in at 9.1% in June, higher than a consensus estimate of 8.8%. Following the hot reading, analysts are now betting that the Federal Reserve may hike by a full point later this month following its larger-than-usual move in June.
- **Tomato prices drop by 60% in a month:-**Tomato prices, which had touched ₹100 per kg in June, have dropped by 60% to ₹40 per kg but the prices of potatoes, the most common vegetable on Indian platters, remain firm with prices of good quality potatoes rising 2% in July as demand from South India has increased.
- **India's inflation could dip to 5 per cent by March: SBI Research Report-** There is only 20-30 per cent likelihood of a global recession and chances of prolonged stagflation in the economy seem more, according to State Bank of India, research report Ecowrap's latest edition, which has projected that India's inflation rate is expected to come

closer to 5 per cent by March 2023. "The fear arises that spiralling inflation and an aggressive monetary policy tightening cycle may lead to the recession, particularly in the US economy. However, the fear is unfounded," it said.

- **Jewellery exports to UAE shine post comprehensive economic partnership agreement:-**Gem and jewellery exports to the United Arab Emirates (UAE) have increased since the implementation of the Comprehensive Economic Partnership Agreement (CEPA) between the two countries from May 1. Plain gold jewellery exports surged 72% year-on-year in May to ₹1,048.40 crore and 68.65% in June to ₹1,451.58 crore.
- **India's trade deficit widens in June; imports & exports up 55% & 23% each:-** India's overall exports, merchandise and services combined, are estimated to have grown 22.95% year-on-year in June 2022, at around US\$64.91 billion, the Ministry of Commerce & Industry said in a press release on Thursday. For the same period, the overall imports are estimated to be \$82.42 billion, up 55.72% over the same period last year.
- **I2U2 summit: UAE to invest USD 2 billion to develop integrated food parks across India:-**The United Arab Emirates will invest USD 2 billion to develop a series of integrated food parks across India under the framework of the four-nation grouping 'I2U2'. The decision was announced after the leaders of the grouping -- Prime Minister Narendra Modi, US President Joe Biden, Israeli Prime Minister Yair Lapid and UAE President Mohammed bin Zayed Al Nahyan -- held the first virtual sum.
- **Imports eclipse exports growth, fuel CAD fears:-** Led by petroleum products, electronic goods, and gems and jewellery, India's merchandise exports in June grew 23.52% to \$40.13 billion but a sharper rise of 57.55% in imports widened the trade deficit to a record \$26.18 billion. The trade deficit was \$9.6 billion in June and economists expect it to rise to a record \$250 billion or 7.3% of GDP this fiscal.
- **Rupee edges closer to 80: How will it impact the Indian economy & businesses:-**The inflation in the US continues to be persistently high, with the latest number touching a new 40-year high of 9.1% in June. The higher-than-expected inflation reading has upped the probability of a 100 bps rate hike in the coming FOMC meeting, to be held on July 26-27, from 0.2% to 33% in the futures market, further soaring the value of the dollar.
- **CAD expected to deteriorate in FY23 on costlier import: FinMin Report:-** India's current account deficit is expected to deteriorate in the current fiscal on account of

costlier imports and tepid merchandise exports, according to the Finance Ministry's monthly economic review. The review released on Thursday by the ministry also said that global headwinds would continue to pose a downside risk to growth as crude oil and edibles, which have driven inflation in India, remain major imported components in the consumption basket.

- **G20 must ensure developing nations earn 'meaningful revenues' from global minimum tax deal: Mrs Nirmala Sitharaman:-** Hon'ble Finance minister Nirmala Sitharaman on Thursday called on G20 countries to ensure that the developing nations are guarded against any "unintended consequences" of the proposed global minimum tax deal at the G20. She said that to ensure a fairer and inclusive tax system, it is necessary that all G20 inclusive framework members actively participate in the finalization of the proposed deal to tax multinational companies and said the pact should result in "meaningful revenues" for the developing countries.
- **Excise duty cut, delayed monsoon raised India's fuel demand in June:-** The reduction in excise duty on petrol and diesel by the Central government coupled with the delayed arrival of the monsoon has led to robust demand for fuels in the month of June. The Centre on May 21 reduced excise duty on petrol by Rs 8 per litre and on diesel by Rs 6 per litre to provide much-needed relief to consumers, causing an additional revenue implication of around Rs 1 trillion to the exchequer. India's demand for oil products rose 704,000 barrels per day, or 16.3 per cent on a year.
- **Liquidity stress eases for Vedanta Resources, says S&P Global Ratings:-** S&P Global Ratings on Thursday said liquidity stress has reduced for Vedanta Resources Ltd as the company has addressed a large part of its debt maturities for the ongoing financial year. The rating agency also said that while Vedanta Resources still has some funds to raise, it has sufficient cash at its cash-rich India operating subsidiary Vedanta Ltd and will gain from established banking relationships.
- **Rupee edges closer to 80 per US dollar, here is how it can impact you:-** A blowout inflation print from the US and the prospect of a recession have analysts in a tense huddle over the Indian National Rupee's (INR) descent. CPI inflation in the US came in at 9.1% in June, higher than a consensus estimate of 8.8%. Following the hot reading, analysts are now betting that the Federal Reserve may hike by a full point later this month following its larger-than-usual move in June.
- **Rupee settlement may bring annual savings of \$36 billion in hard currency:-** The launch of international trade in Indian rupees could lead to annual savings of \$30-36 billion in hard currency and widen the scope for such trades with countries in the

region, easing pressure on the exchange rate.

- **Double taxation on Indian IT firms need to stop; bring amendment to DTAA regulation: India to Australia:-** India on Thursday pitched for an early amendment of the regulations on the Double Taxation Avoidance Agreement (DTAA) to stop the taxation on the offshore income of Indian firms providing technical support in Australia. Minister of State for Commerce and Industry Ms Anupriya Patel raised the issue during her meeting with Deputy Premier of Western Australia Roger Cook.
- **CBIC notifies controlled delivery regulation; Authorised officials to place tracking devices on consignments:-** The Central Board of Indirect Taxes and Customs (CBIC) has notified controlled delivery regulation, which allows customs officials to install tracking devices to monitor the movement of "suspect" consignment. The new regulation, aimed at curbing smuggling, has included gold and silvers, narcotic drug and psychotropic substances, precious and semi-precious stones, liquor; currency; cigarettes, tobacco; wildlife products and antiques in its list.
- **June consumer sentiment stays sluggish:-** Consumer sentiments continue to be sluggish with its index growing by 1.1% in June 2022. Though better than the 0.8% growth in May, it has slowed down significantly from 4-5% in January and February to 3% in March and April, the Centre for Monitoring Indian Economy said.
- **COAI urges fair play to prevent 'backdoor entry' to big tech for enterprise 5G:-** Top telcos Reliance have reiterated the importance of a level playing field when it comes to acquiring 5G spectrum for captive networks. They again argued that direct allocation of 5G airwaves to enterprises for captive networks will kill the 5G business case of operator.
- **PNB's account aggregation platform goes live:-** Punjab National Bank has on-boarded Account Aggregator (AA) platform to help customers digitally access and share information from one financial institution to other regulated such entities. The AA system helps banks leverage data acquired digitally through customers' consent. It thus eliminates the need for physical documentation furnishing by a customer for other financial usages
- **Emerging nations warn high energy costs could threaten emissions targets:-** Indonesia and India on Thursday underscored a call by emerging nations for more climate change financing, warning that rising energy prices due to the Ukraine war would make it difficult for countries to cut emissions. With inflation rising globally amid the Russia-Ukraine conflict, some countries, including in Europe, have reverted

to coal and other fossil fuel-based power or delayed their energy transition out of concerns over affordability and supplies.

- **Horticulture output may grow 2% this year:-**The horticulture production in 2021-22 is estimated to be 341.63 million tonnes (mt), an increase of about 7.03 mt (rise of 2.10%) over 2020-21, according to the Ministry of Agriculture, on account of increase in production of fruits, vegetables and honey. However, a fall is expected in the production of spices, flowers, aromatics and medicinal plants.
- **Maharashtra govt cuts VAT on petrol and diesel by ₹5 & ₹3:-**The Maharashtra government on Thursday announced that it will be cutting the value added tax (VAT) on petrol and diesel. Maharashtra government to reduce value added tax (VAT) on petrol and diesel by Rs 5 and Rs 3 per litre respectively," state's chief minister Eknath Shinde said.
- **SAVE Solutions plans to hire 5000 employees this year:-** Banking correspondent network SAVE Solutions plans to generate over 5000 employment opportunities across the Northern, Eastern, Western, and Central parts of India in 2022-2023. In the coming year, the company aims to hire across 5000+ roles in various fields such as sales, credit, operations, and collection.
- **Bedi port becomes second in Saurashtra to get rail connectivity:-** Gujarat's Bedi port in Jamnagar has become the second port in the Saurashtra region to have direct port connectivity with Railway lines. Officials in the know told ET that first loading of imported coal was conducted on Wednesday from the newly opened Bedi Port Terminal. This railway line will provide direct rail connectivity from the Gulf of Kutch to rest of the country.
- **G-20 finance leaders tackle dire fallout from war in Ukraine:-** US Treasury Secretary Janet Yellen has urged leaders of major economies to work more closely in countering the impact from Russia's invasion of Ukraine. Yellen and other top financial officials from the Group of 20 leading rich and developing nations are gathering on the Indonesian island of Bali for meetings that begin Friday. Yellen has been seeking support for a price cap on Russian oil that might help bring energy costs under control and alleviate the decades-high inflation seen in many countries.
- **Rupee settlement may bring annual savings of \$36 billion in hard currency:-**The launch of international trade in Indian rupees could lead to annual savings of \$30-36 billion in hard currency and widen the scope for such trades with countries in the region, easing pressure on the exchange rate.

Newsletter

PHD Research Bureau has released a newsletter on Economic Affairs Committee for the month of July 2022, which disseminates information pertaining to a broad view of economic developments in the Indian economy.

[ECONOMIC AFFAIRS NEWSLETTER FOR THE MONTH OF JULY 2022](#)



The PHDCCI released a report on 'Pre and Post COVID Economic Dynamics of Leading Economies' which is based on the comparative analysis of the leading economies' conducted on the basis of the five leading economic parameters viz., Real GDP growth Rate parameter, Merchandise Export Volume Growth rate, Current Account Balance (% of GDP), General government net lending/borrowing (% of GDP), and Gross Debt to GDP ratio.

[INTERNATIONAL ECONOMIC RESILIENCE \(IER\)](#)



Markets So Far

Yearly

Monthly

Daily

Indicators	2019	2020	2021	May 2022	June 2022	12th July 2022	13th July 2022	14th July 2022
BSE SENSEX	41253	47751	53796	54437	53478	53887	53514	53416
GOLD (10 GRMS)	34813	46985	47362	50880	50807	50603	50562	50357
CRUDE OIL (1 BBL)	4007.8	2966	5063	8414	8934	8266	7633	7671
EXCHANGE RATE (INR/USD)	70.4	74.11	73.9	77.29	78.13	79.45	79.62	79.87

Source: PHD Research Bureau, PHDCCI, compiled from BSE, MCX and Bloomberg.



Warm Regards,

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