



November 29, 2022 – Tuesday

Key Developments

SEBI revises framework for approving changes in control of stock brokers

SEBI has put in place a revised framework for seeking its prior approval for changes in control of stock brokers, depository participants and other market intermediaries. The framework will be applicable for stock broker/clearing member, depository participant, investment adviser, research analyst or research entity, registrar to an issue and share transfer agent and KYC (Know Your Client) Registration Agencies (KRAs). In a circular on Monday, the regulator said the changes have been made to streamline the process of providing approval to the proposed change in control of the entities. Under the provisions, which will be effective from December 1, an intermediary should apply online for Sebi's prior approval and along with the application, the entity concerned has to submit various details, including the current and proposed shareholding pattern of the applicant.

https://www.business-standard.com/article/economy-policy/sebi-revises-framework-for-approving-changes-in-control-of-stock-brokers-122112800871_1.html

Economy

India's July-September economic growth likely slowed to 5.8%: SBI Research

India's economic growth for the July to September quarter may slow to 5.8 per cent, 30 basis points lower than average estimates, dragged down by weak manufacturing sector and steep corporate margin compression, SBI Research said on Monday. Corporate results, operating profit of companies, excluding banking and financial sector, degrew by 14 per cent in the fiscal second quarter, versus 35 per cent growth in the year-earlier period, though the top line continued to grow at a healthier pace, SBI Research headed by Soumya Kanti Ghosh said in a note. Net sales grew by 28 per cent, while earnings dropped by around 23 per cent on year.

<https://economictimes.indiatimes.com/news/economy/indicators/indias-july-september-economic-growth-likely-slowed-to-5-8-sbi-research/articleshow/95831341.cms>

Slower annual economic growth will be good for India, for now: Economists

India's annual economic growth is forecast to slow to about 6% for a few years, according to economists including from Goldman Sachs Group Inc. and Barclays Plc.. And they say that's not such a bad thing. Gross domestic product expansion at about 6% is a sweet spot for Asia's third-largest economy to steer inflation back to the Reserve Bank of India's target, and also to narrow budget and current account deficits, said Rahul Bajoria of Barclays. Price gains have stayed above RBI's 2%-6% target since the start of 2022, and the central bank seeks to cool it to 4% by 2024. For Santanu Sengupta of Goldman Sachs, a growth slowdown will be good for India, expecting GDP expansion to ease to 6% next fiscal year from about 7.1% in the year ending March. "That would make the twin deficits problems more manageable," he said last week, referring to budget and current account gaps.

https://www.business-standard.com/article/economy-policy/slower-annual-economic-growth-will-be-good-for-india-for-now-economists-122112800652_1.html

S&P Global Ratings cuts India's economic growth forecast to 7% for FY23

S&P Global Ratings on Monday cut India's economic growth forecast for current fiscal year to 7 per cent, but said the domestic demand-led economy will be less impacted by the global slowdown. S&P had in September projected the Indian economy to grow 7.3 per cent in 2022-23 and 6.5 per cent in next fiscal year (2023-24). "The global slowdown will have less impact on domestic demand-led economies such as India... India's output will expand 7 per cent in fiscal year 2022-2023 and 6 per cent in next fiscal year," S&P Global Ratings Asia-Pacific chief economist Louis Kuijs said.

https://www.business-standard.com/article/economy-policy/s-p-global-ratings-cuts-india-s-economic-growth-forecast-to-7-for-fy23-122112800335_1.html

Banking and Finance

SEBI forms a high-level panel to review corporate takeover rules

India's capital markets regulator has formed a high-level panel to review corporate takeover rules, the first such anticipated overhaul in more than a decade, as Asia's third-biggest economy seeks to establish a contemporary M&A regime that bakes in momentous changes spawned by the Global Financial Crisis and the emergence of new buyout modes undergirded by private-equity financing. The 20-member committee will be headed by former Chief Justice of Punjab and Haryana High Court, Shiavax Jal Vazifdar. "The committee will have to review everything. Jurisprudence has developed and fresh issues have come up," said a person close to the development. The takeover code was last reviewed by the Achuthan committee in 2009. The new panel will have to review the current rules in the light of past judicial pronouncements and various informal guidelines issued by Sebi so far.

<https://economictimes.indiatimes.com/markets/stocks/news/sebi-forms-a-high-level-panel-to-review-corporate-takeover-rules/articleshow/95841632.cms>

Bank credit grows at 17.2% from 7% in September quarter, says RBI data

Bank credit growth improved to 17.2 per cent in the September quarter 2022 from 7 per cent in the year-ago period, reflecting pick-up in economic activities. "Credit growth remained broad-based: all population groups and bank groups recorded double digit annual growth," the Reserve Bank said while releasing 'Quarterly Statistics on Deposits and Credit of SCBs: September 2022'. Bank credit growth improved further to 17.2 per cent (year-on-year) in September 2022 from 14.2 per cent a quarter ago and 7 per cent a year ago, it said. Aggregate deposits growth (y-o-y), which remained in the close range of 9.5-10.2 per cent since June 2021, stood at 9.8 per cent in September 2022. Since December 2020, bank branches in metropolitan centres have been recording higher annual growth than those in rural, semi-urban and urban areas.

https://www.business-standard.com/article/finance/bank-credit-grows-at-17-2-from-7-in-september-quarter-says-rbi-data-122112800799_1.html

Festivals boost credit card spends to record high of Rs 1.29 trillion

Aided by festival season purchases, credit card spends touched an all-time high of Rs 1.29 trillion in October, the latest data released by the Reserve Bank of India (RBI) showed. This is 5.5 per cent higher than the previous month's figure of Rs 1.22 trillion. On a year-on-year (YoY) basis, spends were up over 25 per cent, despite a high base. In October last year, credit card spends topped the Rs 1-trillion mark for the first time, buoyed by festival season spending. After a net reduction in credit cards for the past two months as RBI norms mandated card issuers to deactivate credit cards that were inactive for a year, the banking system added over 1.66 million cards, taking the total credit card base to 79.36 million.

https://www.business-standard.com/article/finance/festivals-boost-credit-card-spends-to-record-high-of-rs-1-29-trillion-122112800742_1.html

Strong bank loan growth in FY23 despite higher interest rates: Fitch Ratings

Fitch Ratings on Monday said India's bank credit will see strong growth in current financial year despite effects of higher interest rates. It said the strong loan growth should benefit net revenue, particularly as it will be coupled with wider net interest margins. "We see bank credit expanding by around 13 per cent in FY23, up from 11.5 per cent in FY22. The acceleration will be driven by the normalisation of economic activity after the COVID-19 pandemic, and high nominal GDP growth, which we expect to boost demand for retail and working-capital loans," Fitch said in a statement. The rating agency expects greater competition for deposits over time, for example through higher rates

on deposit accounts, as banks' liquidity buffers fall in their pursuit of loan growth. Fitch expects system deposits to grow 11 per cent in current and next fiscal years, slower than loan growth.

<https://www.financialexpress.com/industry/banking-finance/strong-bank-loan-growth-in-fy23-despite-higher-interest-rates-fitch-ratings/2894460/>

Frenzy in India's digital lending market sees over 200% growth in Q2 credit disbursement: Report

Digital lenders in the country have registered a sharp growth in both the number of loans and the amount disbursed during the second quarter (July-September) of the current fiscal from the year-ago period, according to a report by the Fintech Association for Consumer Empowerment (FACE), a representative body of 21 fintech lenders offering personal as well as business loans including credit to small businesses. The report, sourcing data from these FACE members, noted 149 per cent growth in loans disbursed from 65.56 lakhs during Q2 FY22 to 162.95 lakh during Q2 FY23. Likewise, the amount disbursed jumped 216 per cent from Rs 4,435 crore to Rs 14,016 crore during the said period. Quarter-on-quarter, the volume and value of loans increased by 21 per cent and 24 per cent respectively. During Q1 FY23, 135.13 lakh loans amounting to Rs 11,296 crore were disbursed, the report FACETS showed in its latest edition.

<https://www.financialexpress.com/industry/sme/msme-fin-frenzy-in-indias-digital-lending-market-sees-over-200-growth-in-q2-credit-disbursement-report/2894372/>

Industry

Udyam registration to be mandatory for MSMEs seeking credit guarantee cover under CGTMSE

Micro and small enterprises (MSEs) seeking guarantee cover — under the government's Credit Guarantee fund Trust for Micro and Small Enterprises (CGTMSE) for the collateral-free credit — will have to provide their Udyam registration number (URN) from next year onwards. URN is a permanent identification number for businesses looking to register themselves under the MSME definition revised by the government in 2020 post Covid.

According to a circular 'Udyam Registration Number Mandatory for Guarantee Coverage' sent by CGTMSE to all member lending institutions (MLIs) under the CGTMSE scheme on October 17, "this modification in the guidelines will be effective for all the guarantee applications lodged on or after January 16, 2023." "As sufficient period has elapsed since the issuance of the gazette notification (revised MSME definition), it has been decided that obtaining URN by the borrower shall be made mandatory for getting guarantee coverage under Credit Guarantee Scheme of CGTMSE," the circular noted.

<https://www.financialexpress.com/industry/sme/msme-fin-fe-exclusive-udyam-registration-to-be-mandatory-for-msmes-seeking-credit-guarantee-cover-under-cgtmse/2894588/>

Small firms may be allowed to merge PF, pension payments

Looking to ease compliance for small enterprises, the government is considering doing away with separate contributions towards provident fund, pension and insurance and allowing a single payment towards social security of their employees. Currently, separate contributions need to be made towards Employees' Provident Fund Organisation (EPFO) and Employees' State Insurance Corporation (ESIC). As per the proposal, which is likely to be finalised by an expert committee, a single contribution of 10-12% of wages may be fixed towards insurance, provident fund, pension and other benefits for establishments with 10-20 workers, a government official told ET.

<https://economictimes.indiatimes.com/news/economy/policy/small-firms-may-be-allowed-to-merge-pf-pension-payments/articleshow/95837083.cms>

Centre weighs new WFH rules for SEZs to balance needs of units, developers

The Centre is looking at framing fresh work-from-home (WFH) rules and standard operating procedures (SOPs) for SEZs that would balance the need of units, especially IT companies, for more flexibility in allowing their employees to choose between workplace and home while ensuring that infrastructure created by developers is put to adequate use, official sources said.

<https://www.thehindubusinessline.com/economy/centre-weighs-new-wfh-rules-for-sezs-to-balance-needs-of-units-developers/article66196364.ece>

Falling input costs may cool prices of essentials, apparels

Prices of groceries, daily essentials and apparel are likely to fall over the next two quarters as input costs are expected to decline, spurring sales in the process, according to consumer goods makers. Fast-moving consumer goods (FMCG) firms such as Hindustan Unilever, Britannia, ITC, Marico and Emami have indicated in their recent earnings calls that input cost pressure is set to ease in the next two quarters. The companies said they will pass on the input cost benefits by reducing prices, increasing pack weights or running consumer offers.

<https://economictimes.indiatimes.com/news/economy/indicators/falling-input-costs-may-cool-prices-of-essentials-apparels/articleshow/95840805.cms>

Passenger vehicle makers to invest Rs 65,000 crore by FY25: Report

Passenger vehicle makers are expected to invest around Rs 65,000 crore by FY25 to ramp up production capacities to cater to enhanced demand, rating agency Icria said on Monday. It stated that the demand for passenger vehicles has remained healthy since the turn of the calendar year, aided by strong underlying demand and an easing up of semiconductor shortages. The passenger vehicle industry wholesale volumes are expected to touch an all-time high of 3.7-3.8 million units in FY23, a growth of 21-24 per cent over the previous fiscal, driven by robust demand, it added. With ease in supply chain constraints and semiconductor shortage, capacity utilisation of the OEMs (Original Equipment Manufacturers) improved to healthy levels over the past few quarters -- factoring in a continuation of strong demand sentiments, the OEMs have now revved up their capacity expansion plans, Icria said.

https://www.business-standard.com/article/economy-policy/passenger-vehicle-makers-to-invest-rs-65-000-crore-by-fy25-report-122112800599_1.html

Contribution of new launches higher in Sept quarter in FMCG: Nielsen report

The contribution of new launches in the September quarter was found to be higher across key FMCG categories than the year-ago levels, according to a recent report by NielsenIQ. Besides the launch of new products, this was also because FMCG companies introduced new pack sizes amid inflationary pressures, the report noted. Several leading FMCG companies have also highlighted the growing significance of new product launches in terms of their contribution to sales in their second quarter earnings. Take for instance Tata Consumer Products, which said it has accelerated its innovation efforts, with the number of new product launches in the first half of the year at 2x over last year. The company launched products such as Tata Tea Gold Saffron and Tata Sampann Hing besides revamping its ready-to-eat and ready-to-cook portfolio. The company's management said it expects contribution of innovations to sales to be at about 3.5 per cent by the end of the fiscal.

<https://www.thehindubusinessline.com/companies/contribution-of-new-launches-higher-in-sept-quarter-in-fmcg-nielsen-report/article66196252.ece>

FMCG industry's three-year sales CAGR at 12.5%: BNP Paribas report

The FMCG industry's three-year sales CAGR improved to 12.5 per cent led by price increases in product categories. According to a BNP Paribas consumer report, most companies delivered pricing-led growth in the personal care segment. Sales of Godrej Consumer Products' (GCP) personal care segment rose 18 per cent y-o-y, driven by double-digit sales growth in the personal wash and hygiene category. Similarly, HUL's beauty and personal care division posted 11 per cent y-o-y growth in Q2 FY23.

<https://www.thehindubusinessline.com/economy/fmfg-industrys-three-year-sales-cagr-at-125-bnp-paribas-report/article66195772.ece>

Agriculture

Govt's paddy procurement up 9% at 306 lakh tonnes so far this year

The government's paddy procurement for the central pool rose over nine per cent to 306.06 lakh tonnes so far in the ongoing 2022-23 kharif marketing season, according to the food ministry data. Higher quantities of paddy were purchased from Punjab, Haryana, Chhattisgarh and Telangana. Normally, paddy procurement begins immediately after the withdrawal of the Southwest monsoon from October onwards. However in southern states, especially in Kerala and Tamil Nadu, it begins from September. The government aims to procure 775.72 lakh tonnes of paddy in the 2022-23 kharif marketing season (October-September). The actual procurement stood at record 759.32 lakh tonnes in the previous kharif marketing season.

https://www.business-standard.com/article/economy-policy/govt-s-paddy-procurement-up-9-at-306-lakh-tonnes-so-far-this-year-122112800542_1.html

Centre allows sales of insecticides through e-commerce firms

The online trade in agro-chemicals in the country is poised to take off with the Centre allowing sales of insecticides through an e-commerce entity. The latest move by the Centre is expected to help agro-chemical manufacturers to set up their online platforms, besides attracting the interests of e-commerce giants such as Amazon and Flipkart among others, experts said. A notification issued by the Ministry of Agriculture and Farmers Welfare on November 24 said, "A licensee, during the currency of license, may undertake the sale of any insecticide through e-commerce entity for supply of insecticides to the doorstep of the farmers and the licensee shall comply with the provisions of the Act and the rules made there under for the time being in force."

<https://www.thehindubusinessline.com/economy/agri-business/centre-allows-sales-of-insecticides-through-e-commerce-firms/article66196593.ece>

Infrastructure

Centre prepares monthly plan under Gati Shakti for awarding 235 critical road projects

A month wise action plan will be created for 235 road and highway connectivity projects yet to be awarded with specific focus on maximizing award by December 2022 and March 2023. A review meeting of the PM GatiShakti National Master Plan (NMP) said this is to address the critical infrastructure gap projects. A Transport Ministry order said that these identified projects spread over the Ministries of Steel, Fertilizers, Ports, Shipping and Waterways, and Defence. The maximum number of roads need to be built for the Defence Ministry with 168 projects being identified. Ports, Shipping and Waterways Ministry comes next with 61 projects, Steel has five, while Fertilizer has one project. The National Highway Authority of India (NHAI), National Highways & Infrastructure Development Corporation Limited (NHIDCL), and Border Roads Organisation (BRO) need to implement these projects. The status of these roads will also be tracked on a monthly basis.

<https://economictimes.indiatimes.com/news/economy/infrastructure/centre-prepares-monthly-plan-under-gati-shakti-for-awarding-235-critical-road-projects/articleshow/95827077.cms>

Startups' office leasing remains robust, to account for 1/3rd of activity in 2022

The booming Indian start-up ecosystem fuelled by enthusiasm and the entrepreneurial spirit is also helping push the demand for workspaces across key commercial property markets of the country. Over the last few years, start-ups have turned extremely active in terms of real estate absorption. With over 6.97 million sq ft office space leased to start-ups in the first half of 2022, the industry is pegged to be one of the top office occupiers in the coming years. This year, the segment is estimated to account for nearly 30% of gross office leasing activity, showed a JLL India analysis. Even in terms of taking up flexible office space, which works well for their agile working styles, start-ups have been one of the biggest movers among all firms.

<https://economictimes.indiatimes.com/industry/services/property/-/cstruction/startups-office-leasing-remains-robust-to-account-for-1/3rd-of-activity-in-2022/articleshow/95826939.cms>

Energy

Power Ministry launches schemes to procure 4,500 MW electricity supply for five years

The Power Ministry has launched a scheme for the procurement of aggregate electricity of 4,500 MW for five years under of the SHAKTI (Scheme for Harnessing and Allocating Koyala Transparently in India) policy. "Ministry of Power kicks off a scheme for procurement of aggregate power of 4500 MW on competitive basis for five years on Finance, Own and Operate (FOO) basis under B (v) of SHAKTI Policy," a power ministry release said. Under the scheme, the PFC Consulting Ltd has invited bids for the supply of 4,500 MW. The supply of electricity will commence from April 2023. The Ministry of Coal has been requested to allocate around 27 MTPA for this, it stated.

<https://www.financialexpress.com/economy/power-ministry-launches-schemes-to-procure-4500-mw-electricity-supply-for-five-years/2894751/>

External

Canada's Indo-Pacific strategy paper calls for early trade pact with India

India and its strategic importance found a special mention as Canada launched its Indo-Pacific strategy with an aim to balance China. India's strategic importance and leadership—both across the region and globally—will only increase as India—the world's biggest democracy—becomes the most populous country in the world and continues to grow its economy, the strategy paper pointed out. "India's growing strategic, economic and demographic importance in the Indo-Pacific makes it a critical partner in Canada's pursuit of its objectives under this strategy. Canada and India have a shared tradition of democracy and pluralism, a common commitment to a rules-based international system and multilateralism, mutual interest in expanding our commercial relationship and extensive and growing people-to-people connections," according to the strategy paper released by the Canadian Foreign Minister.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/canadas-indo-pacific-strategy-paper-calls-for-early-trade-pact-with-india/articleshow/95841646.cms>

If delay in FTA talks, GCC nations can join India-UAE trade deal

The other member countries of the six-nation Gulf Cooperation Council (GCC) will have the option to join the India-United Arab Emirates (UAE) trade deal on the same terms and conditions, if the launch of the free-trade agreement (FTA) negotiations between New Delhi and the GCC is further delayed, said people aware of the matter.

https://www.business-standard.com/article/economy-policy/if-delay-in-fta-talks-gcc-nations-can-join-india-uae-trade-deal-122112801065_1.html

India's seafood exports set to miss \$8.86 billion target

India's seafood exports are likely to miss the \$8.86 billion target set for the current fiscal due to a significant drop in demand across markets. Though the country's marine products exports had crossed the \$4 billion mark by September this year, major markets such as the US, Europe, China, Japan are witnessing a subdued demand ahead of the Christmas and New Year season.

<https://www.thehindubusinessline.com/economy/agri-business/indias-seafood-exports-set-to-miss-886-billion-target/article66194770.ece>

Phone exports more than double YoY in April-October

Mobile phone exports have raced past the \$5-billion mark within seven months (April-October) of FY23, more than double the \$2.2 billion that India clocked in the same period last year, as the likes of Apple and Samsung stepped up outward shipments, government and industry officials said. They added that at the current pace, exports from the world's second-largest smartphone market will surpass the entire FY22 figure by early December itself, and end FY23 in the \$8.5-9 billion range. The country had exported mobile phones worth \$5.8 billion in FY22. After touching a record \$1 billion in September, mobile phone exports had come down marginally in October, to around \$900 million, due to slowdown in global markets, the officials said.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/phone-exports-more-than-double-yoy-in-april-october/articleshow/95841101.cms>