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Economy

Govt working to extend Rs 3,500-crore PLI benefits to BIS-compliant toys

The government is working to extend Rs 3,500 crore worth of production linked incentive benefits to toys, which are compliant with the norms of Bureau of Indian Standards (BIS), with an aim to make domestic manufacturing globally competitive, attracting investments and enhancing exports, an official said. The official said that the measures announced by the government for the toys industry like introduction of quality control orders and increasing customs duties from 20 per cent to 60 per cent has helped in cutting down sub-standard imports and promoting domestic manufacturing in the country. "Now we are working to extend PLI (production linked incentive) benefits for toys, but it will be given to BIS-compliant toys only. PLI benefits can be given according to different investment slabs which can range from Rs 25 crore to Rs 50 crore or Rs 100-200 crore," the official added.

<https://www.financialexpress.com/industry/govt-working-to-extend-rs-3500-crore-pli-benefits-to-bis-compliant-toys/2900015/>

Govt mulls exempting early stage startups from Data Protection Bill provisions

The government is mulling exempting early stage startups from complying with norms under proposed Digital Personal Data Protection bill, an official source said. The exemption may be for a limited period to assist startups in developing their business models and to ensure that innovation is not stifled due to compliance burden. "Meity (Ministry of Electronics and Information Technology) is mulling to improve upon the bill to exempt early stage startups from the provisions of DPDP (Digital Personal Data Protection) bill. "This may be for a limited time period in cases where they may be doing some kind of data modelling etc to develop their solution," the source, who did not wish to be named, said.

<https://economictimes.indiatimes.com/news/economy/policy/govt-mulls-exempting-early-stage-startups-from-data-protection-bill-provisions/articleshow/95975347.cms>

Banking and Finance

RBI MPC to continue repo rate hike pace in Dec, may pause after that; Monetary policy stance may get Neutral

RBI Monetary Policy Committee is likely to continue with the pace of repo rate hikes, in its upcoming MPC meeting during 5-7 Dec. The Reserve Bank of India MPC is expected to announce a 35 basis points (bps) rate hike, according to economists. A 25 bps or 50 bps hike, can't be ruled out either, they said. The central bank has hiked the key short-term lending rate or repo rate by 190 bps in four tranches since May this year in order to contain inflation which remains above RBI's threshold of 6%. "We expect a 35 bps rate hike in the upcoming meeting. The Consumer Price Index (CPI) inflation is likely to moderate further in the coming months and slip below 6% by the end of the fiscal year," said Rajani Sinha, Chief Economist, CARE Ratings. RBI Monetary Policy Committee is likely to continue with the pace of repo rate hikes, in its upcoming MPC meeting during 5-7 Dec. The Reserve Bank of India MPC is expected to announce a 35 basis points (bps) rate hike, according to economists. A 25 bps or 50 bps hike, can't be ruled out either, they said. The central bank has hiked the key short-term lending rate or repo rate by 190 bps in four tranches since May this year in order to contain inflation which remains above RBI's threshold of 6%. "We expect a 35 bps

rate hike in the upcoming meeting. The Consumer Price Index (CPI) inflation is likely to moderate further in the coming months and slip below 6% by the end of the fiscal year," said Rajani Sinha, Chief Economist, CARE Ratings. <https://www.financialexpress.com/economy/rbi-mpc-to-continue-repo-rate-hike-pace-in-dec-may-pause-after-that-monetary-policy-stance-may-get-neutral/2898807/>

Sebi puts AIFs on alert over 'closure'

Amid inspections, complaints, and questions over performance and compliance, the capital market regulator on Friday asked all alternative investment funds (AIFs) to spell out whether the different schemes run by them have reached 'final closure' - if not, why - and the 'end date' of the schemes. After the 'final closing', money pools like private equity, venture capital, debt and infrastructure funds cannot accept fresh capital while a fund is required to exit its investments within the 'end date'. A fund achieves its 'first close', roughly within a year of its registration, after receiving a minimum commitment of ₹20 crore from investors. The final close is typically within two years of the first close. But these are commercial deadlines - and not legally binding regulations - which may be pushed back to delay closing in anticipation of more inflows and extend a fund's life, perhaps indefinitely, to look for more profitable opportunities to cash out.

<https://economictimes.indiatimes.com/markets/stocks/news/sebi-puts-aifs-on-alert-over-closure/articleshow/95988710.cms>

FinMin rejects provision for tax benefits to SEZs under DESH Bill

The Union finance ministry has turned down the commerce ministry's proposal to provide tax incentives to units set up in special economic zones (SEZs) as part of the Development of Enterprises and Services Hub (DESH) Bill, 2022, holding that it would "create havoc" for units outside such zones.

https://www.business-standard.com/article/economy-policy/finmin-rejects-provision-for-tax-benefits-to-sezs-under-desh-bill-122120400828_1.html

P2M transactions up 138% in Nov with 53% share in total volume

The peer-to-merchant (P2M) UPI transactions recorded 138 per cent growth in November to 390.7 crores from 163.8 crores in November 2021, showed latest UPI data from National Payments Corporation of India (NPCI). The value of transactions also saw a 79 per cent growth from Rs 1.50 lakh crore in November last year to Rs 2.69 lakh crore last month. P2M transactions had a 53.4 per cent share in total UPI volume of 730.9 crore transactions in November while peer-to-peer (P2P) had a 46.5 per cent share with the remaining 340.1 crore transactions. However, in terms of value, P2M transactions were limited to 22.5 per cent share only in comparison to 77.41 per cent share of P2P transactions in the overall value of Rs 11.90 lakh crore in November.

<https://www.financialexpress.com/industry/sme/msme-fin-upi-p2m-transactions-up-138-in-november-with-53-share-in-total-volume/2900243/>

In quest for higher returns, NBFCs eye new asset classes

Non-banking financial companies (NBFCs) have started realigning portfolio strategies for better risk-adjusted returns, with a focus on unsecured loans and MSME finance, anticipating an increase in cost of funds amid rising interest rates and reduced competitiveness in traditional segments – home and new vehicle loans – due to intensifying competition from banks. In the last few years, NBFCs have navigated multiple challenges, exacerbated by the Covid pandemic, and emerged with enhanced resilience. Now, stronger balance sheets with higher provisioning and lower leverage, receding asset-quality concerns and steadily normalising funding access, provide NBFCs a strong foundation to boost growth, as credit demand piggybacks the ongoing economic rebound.

<https://www.thehindubusinessline.com/money-and-banking/in-quest-for-higher-returns-nbfc-eye-new-asset-classes/article66222385.ece>

One licence for all insurance: Bill likely in budget session

The government is likely to introduce the Insurance Laws (Amendment) Bill, 2022, which will pave the way for issue of composite licence to insurers, in the budget session of Parliament, officials said. A composite licence, which will allow insurers to undertake general and health insurance via a single entity, has been a key industry demand. "Our aim is to bring the legislation in the budget session. It, however, will depend on how swiftly we can incorporate suggestions and seek cabinet approval for the proposed legislation," said a senior official aware of the developments.

<https://economictimes.indiatimes.com/news/economy/policy/one-licence-for-all-insurance-bill-likely-in-budget-session/articleshow/95985495.cms>

Govt allows ESIC to invest up to 15% surplus funds in equity through ETFs

Eyeing better returns on its investment, the government, on Sunday, gave its go ahead to the Employees State Insurance Corporation to invest up to 15% of its surplus funds into equity through exchange traded funds. A decision was taken at the 189th meeting of Employees' State Insurance Corporation under the labour minister Bhupender Yadav who is the chairman of ESIC. "Due to the relatively low returns on debt instruments coupled with the need to diversify, the ESI Corporation accorded its approval for investments of surplus funds in equity, restricted to exchanged traded funds," the labour ministry said after a two-day meeting which concluded on Sunday.

<https://economictimes.indiatimes.com/news/economy/policy/govt-allows-esic-to-invest-up-to-15-surplus-funds-in-equity-through-etfs/articleshow/95982945.cms>

Industry

Defence purchases via GeM portal from MSMEs near Rs 42,000 crore

Purchase of products and services by the Defence Ministry including the Indian Navy from the government's e-commerce portal GeM (Government e-Marketplace) stood at Rs 41,936 crore as of December 3, 2022, GeM tweeted on Sunday commemorating Indian Navy Day. "It is an honour for GeM to be of service to the Indian Navy as they serve the nation. Keep procuring more from GeM!"

<https://www.financialexpress.com/industry/sme/msme-eodb-indian-navy-day-2022-defence-purchases-via-gem-portal-from-msmes-near-rs-42000-crore/2900341/>

FMCG cos on wait-and-watch mode on softening commodity prices; may pass on benefits to consumers

Despite significant price reductions in major commodities, consumers will have to wait even longer for price reductions in some items. According to top FMCG companies, prices of major commodities have fallen in the case of some items like palm oil, but the decline has not been "secular and broad-based," and they are keeping a close eye on that before taking any call on reducing the price, reported PTI. Commodity price declines will help FMCG firms improve their profit margins while also allowing them to pass on the benefits to consumers by lowering the MRP (maximum retail price) of their products. Nestle India Chairman and Managing Director Suresh Narayanan said the company is watching the situation. However, he said softening in commodity prices is not secular and broad-based.

<https://economictimes.indiatimes.com/industry/cons-products/fmcf/fmcf-cos-on-wait-and-watch-mode-on-softening-commodity-prices-may-pass-on-benefits-to-consumers/articleshow/95980468.cms>

Indian startups raise \$1.27 billion in November, highest since onset of funding slowdown in June

Indian startups raised \$1.27 billion of funding in November — the highest in a month since June when a funding slowdown became palpable and started hitting the financing market in India. The increase in funding last month has mostly been led by early and growth-stage rounds that crossed the \$1 billion mark in proceeds after more than five months, as per data from Venture Intelligence. Industry experts said the latest data would be for deals that closed a few months ago, as typically that is the time needed to officially announce raising of funds. Despite a slight increase in deal activity, tech investors said it does not point to a sustained recovery. Late-stage funding also continues to remain under stress.

<https://economictimes.indiatimes.com/tech/startups/indian-startups-raise-1-27-billion-in-november-highest-since-onset-of-funding-slowdown-in-june/articleshow/95985147.cms>

Ahead of Christmas, travel companies see 50-60% uptick in flight and hotel bookings

With Christmas and New Year falling on weekends this year, online travel companies have witnessed an uptick of 50-60 per cent in flight and hotel bookings, compared to last year's festival season. Travel was impacted for the last two years due to the pandemic. Traditionally, there is an uptick in travel during Christmas and New Year. However, businessline had reported that in the same period last year the travel industry was witnessing a dip in booking due to the Omicron variant.

<https://www.thehindubusinessline.com/economy/ahead-of-christmas-travel-companies-see-50-60-uptick-in-flight-and-hotel-bookings/article66222975.ece>

Agriculture

Wheat prices may touch a fresh high in few days

The wheat processing industry — which manufactures aata (wheat flour) — fears the price of the staple is about to create a fresh high in a few days. The wholesale prices of wheat have been hovering near the psychologically sensitive level of Rs 30 per kilogram at major consuming centres of the country, said traders and processors. In most parts of the country, wheat prices are trading in the range of Rs 27/kg to Rs 29.50/kg, which is 30-40% above the minimum support price (MSP) of Rs 20.15/kg. “The current wheat prices are the highest ever recorded. During the past four months, prices have gradually increased from `23/kg to Rs 29/kg,” said Rajesh Jain Paharia, a Delhi-based exporter of wheat. After having initially encouraged exports at the beginning of 2022-23 wheat season, India had to ban the outbound shipments as a severe heat wave reduced the country’s production.

<https://economictimes.indiatimes.com/news/economy/agriculture/wheat-prices-may-touch-a-fresh-high-in-few-days/articleshow/95985619.cms>

Energy

Power Minister forms sub-committee to look into DSM grievance

Union Power Minister R K Singh has assured the renewable energy industry of help over the industry’s grievances over the new ‘deviation settlement mechanism’ (DSM) guidelines. In a meeting with the industry representatives on December 1, Singh said he would form a sub-committee to look into the issue, industry sources who attended the meeting have told businessline.

<https://www.thehindubusinessline.com/news/power-minister-forms-sub-committee-to-look-into-dsm-grievance/article66222799.ece>

Telecom

Telcos focus on international roaming plans to retain high-end users

As telcos struggle to hold on to customers, and spend increasingly more to acquire new ones, international roaming services have become important in customer retention, especially for the high-paying postpaid users, say industry executives and analysts. Given the increase in international travel post the pandemic, international roaming services are back in demand, and operators are doing their best to use them to drive customer stickiness, they added. “International roaming revenues do not contribute significantly to overall revenues - maybe in the low single digits. However, the service itself has an intangible and indirect impact in that it helps retain higher paying customers (who are most likely to use international roaming packs during travel),” said Rohan Dhamija of Analysys Mason.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/telcos-focus-on-international-roaming-plans-to-retain-high-end-users/articleshow/95985880.cms>

States

States capital spends up by 2.2% in 1st half despite huge spike in revenues

Capital expenditure (capex) of 18 states has risen just 2.2 per cent in the first half of the current fiscal even as their combined revenue deficit has narrowed to more than one-fourth from the year-ago period, according to a report. This means that there has to be a massive 57 per cent increase in their capital outlays to meet their FY23 budgeted target, Icra Ratings said in an analysis on the available numbers from 18 of the largest states, which have budgeted for a combined capital outlay of Rs 6.2 lakh crore. But these states have collectively spent only Rs 1.59 lakh crore so far this fiscal, which is just about a growth of 2.2 per cent annualised. Revenue deficits of these 18 states have narrowed to a low Rs 30,000 crore in the first half of the current fiscal from Rs 1.3 lakh crore in the corresponding period in FY22.

https://www.business-standard.com/article/economy-policy/states-capital-spends-up-by-2-2-in-1st-half-despite-huge-spike-in-revenues-122120400498_1.html

External

UAE emerges second biggest tea importer from India after CIS bloc

The United Arab Emirates (UAE) emerged as the second largest importer of tea from India after the Commonwealth of Independent States (CIS) as a bloc, according to the latest data released by Tea Board. During the period from January to September 2022, UAE imported 28.58 million kilograms of tea from India, a rise of 159 per cent from the similar nine-month period of 2021. Tea industry sources said that the exporters are looking for other avenues as shipments to Iraq, an erstwhile major importer, reduced to zero due to payment issues. "It is good to see that UAE is now importing Indian tea in a big way. This augurs well for the exporters as it is a major consumer of the premium orthodox variety," an exporter said.

<https://www.financialexpress.com/economy/uae-emerges-second-biggest-tea-importer-from-india-after-cis-bloc/2900292/>

Abu Dhabi seeks Indian investments, invites start-ups to establish hubs

In its bid to diversify Abu Dhabi's business activity beyond hydrocarbons, the UAE's capital city is seeking more investments from India which will not only benefit the local economy but also allow Indian firms to use it as a platform to grow their footprints around the world. Abu Dhabi has identified priority sectors including agritech, tourism, healthcare, pharma and financial services, where Indian enterprises can invest.

<https://www.thehindubusinessline.com/companies/abu-dhabi-seeks-indian-investments-invites-start-ups-to-establish-hubs/article66222179.ece>