



December 07, 2022 – Wednesday

## Key Developments

### FinMin allows PSUs to invest surplus cash in debt schemes of private MFs

India's finance ministry has liberalised investment norms governing the deployment of surplus cash at state-owned companies, expanding the universe of approved debt plans beyond the current bailiwick of fixed-income investment schemes run exclusively by public-sector mutual funds. The Department of Investment and Public Asset Management (DIPAM), which oversees financial governance of public assets in India, said in an office memorandum that the government has allowed Central Public Sector Enterprises (CPSEs) to invest in debt schemes of all mutual funds. Besides widening investment options for PSU treasuries, the move will ensure greater flows into private mutual funds' debt plans. Until now, only public sector mutual funds - SBI, UTI, LIC and Union, among others -- were qualified to handle surplus funds of state-owned companies. Now, at least 35 private mutual funds stand to benefit. <https://economictimes.indiatimes.com/mf/analysis/finmin-allows-psus-to-invest-surplus-cash-in-debt-schemes-of-private-mfs/articleshow/96041975.cms>

## Economy

### World Bank revises upwards India's GDP growth forecast to 6.9% for FY23

The World Bank on Tuesday revised upwards its GDP growth forecast for India to 6.9 per cent for 2022-23, saying the economy was showing higher resilience to global shocks. In October, it had cut India's GDP growth forecast to 6.5 per cent from 7.5 per cent earlier. Now, it has upgraded the projection to 6.9 per cent for 2022-23 (April 2022 - March 2023). In its India Development Update, the World Bank said the revision was due to higher resilience of the Indian economy to global shocks and better-than-expected second quarter numbers. The country however remains affected by spillovers from the US, Euro area and China. The World Bank saw the government meeting the fiscal deficit target of 6.4 per cent of the GDP in 2022-23. It expected inflation to be 7.1 per cent in current fiscal year. <https://www.financialexpress.com/economy/world-bank-revises-upwards-indias-gdp-growth-forecast-to-6-9-for-fy23/2902182/>

### Fitch Ratings raises India's GDP growth forecast to 7% for FY 23; consumption, investment better than expected

Fitch Ratings raised India's GDP growth forecast to 7% for the current financial year 2022-23, due to a large boost from consumption and investment. Fitch upgrade comes shortly after the World Bank raised its own growth forecast for India earlier today. "India is shielded to some extent from global economic shocks given the domestically focused nature of its economy, with consumption and investment making up the bulk of the country's GDP," said Fitch in its global economic outlook report. It also expects the Reserve Bank of India to increase policy rates to 6.15% by December and then hold this rate throughout 2023. RBI monetary policy committee will announce its decision on Wednesday, December 7, 2022. The ratings agency believes that the global economic slowdown will reduce the demand for Indian exports as the merchandise exports in October fell by over 16% in almost two years. "India is not impervious to global developments. The worldwide economic slowdown is expected to reduce demand for Indian exports and weakness is already evident in recent data – merchandise exports declined for the first time in almost two years including in textiles, petroleum products and engineering goods," the Fitch report said.

<https://www.financialexpress.com/economy/fitch-ratings-raises-indias-gdp-growth-forecast-to-7-for-fy-23-consumption-investment-better-than-expected/2902390/>

#### **Niti Aayog objects to certain provisions in proposed DESH bill**

Niti Aayog has raised objections to certain provisions pertaining to the proposed DESH bill, which seeks to replace the existing law for special economic zones, sources said. In the Union Budget 2022-23, the government had proposed to replace the existing law governing Special Economic Zones (SEZs) with a new legislation to enable states to become partners in 'Development of Enterprise and Service Hubs' (DESH). Sources said that the Aayog has concerns on provisions of the proposed bill such as partial de-notification of zones; and removal of NFE (net foreign exchange earning) requirement. It would be difficult to give duty concessions with NFE requirements and in absence of land contiguity, it would be difficult for customs to keep track on activities in the zone, they said.

<https://economictimes.indiatimes.com/news/economy/policy/niti-aayog-objects-to-certain-provisions-in-proposed-desh-bill/articleshow/96035203.cms>

#### **Digital transformation spending in India to reach \$85 bn by 2026: Report**

The digital transformation (DX) spending in India is likely to reach \$85 billion by 2026 as firms in the country aim to reduce the costs by increasing efficiency, improving security/risk capabilities, and improving customer experience via tech-enabled digital transformation, a report said on Tuesday. More than 95 per cent of Indian organisations plan to increase DX spending or keep at the same level in 2023, according to the IDC. During the pandemic, digital transformation aided Indian organisations to survive the challenges and sustain competition.

[https://www.business-standard.com/article/economy-policy/digital-transformation-spending-in-india-to-reach-85-bn-by-2026-report-122120600471\\_1.html](https://www.business-standard.com/article/economy-policy/digital-transformation-spending-in-india-to-reach-85-bn-by-2026-report-122120600471_1.html)

### **Banking and Finance**

#### **Capital market regulator SEBI relaxes rules for govt for PSU disinvestment**

Capital markets regulator Sebi can relax regulatory norms for the central government in relation to strategic disinvestment of public sector undertakings (PSUs), according to a notification. "The Board (Sebi) may after due consideration of the interest of the investors and the securities market and for the development of the securities market, relax the strict enforcement of any of the requirements of these regulations if an application is made by the Central Government in relation to its strategic disinvestment in a listed entity," Sebi said in a notification made public on Tuesday. To give this effect, the regulator has amended LODR (Listing Obligations and disclosure Requirements) norms.

<https://www.financialexpress.com/market/capital-market-regulator-sebi-relaxes-rules-for-govt-for-psu-disinvestment/2902883/>

#### **Transactions in CBDC pilots gather pace, all minor glitches fixed swiftly**

Transactions gained momentum in the pilots for the central bank digital currency (CBDC), with the wholesale segment (CBDC-W) averaging Rs 325 crore worth of deals per day in November, while in the retail segment (CBDC-R), the Reserve Bank of India (RBI) created Rs 3-crore digital currencies in the first two days of the pilot.

[https://www.business-standard.com/article/economy-policy/cbdc-pilots-wholesale-segment-averages-rs-325-core-a-day-in-november-122120600922\\_1.html](https://www.business-standard.com/article/economy-policy/cbdc-pilots-wholesale-segment-averages-rs-325-core-a-day-in-november-122120600922_1.html)

#### **UPI transactions see 650% rise at semi-urban, rural stores: Report**

The unified payments interface (UPI) transactions witnessed a meteoric 650 per cent rise at the semi-urban and rural stores in India this year, a report showed on Tuesday. There was a growth of 25 per cent and 14 per cent in value and volume, respectively, in assisted financial transactions across semi-urban and rural retail counters in the country in 2022, according to the report by branchless banking and digital network PayNearby. While there was a 25 per cent increase in the demand for micro-ATMs and mPOS instruments, the EMI collections for financial institutions and NBFCs saw a steep growth of over 200 per cent. However, there has been a slight dip in the average cash withdrawal per transaction, from Rs 2,620 in 2021 to Rs 2,595 in 2022.

[https://www.business-standard.com/article/companies/upi-transactions-see-650-rise-at-semi-urban-rural-stores-report-122120600386\\_1.html](https://www.business-standard.com/article/companies/upi-transactions-see-650-rise-at-semi-urban-rural-stores-report-122120600386_1.html)

## Industry

### Premium models drive car, TV, smartphone sales in Diwali season

Indian consumers have purchased more premium cars, smartphones, televisions and appliances than ever before during the week leading up to Diwali this year. Cars priced ₹10 lakh and above, 5G-enabled smartphones, large-screen televisions and double-door and side-by-side refrigerators saw a big spike in demand during Diwali, helping their growth rate and share in overall product sales hit new highs, sales data show. 5G phones accounted for 45% of total smartphone sales during the Diwali period, as per electronics industry market researcher GfK. Handsets priced above ₹30,000 grew at almost double the overall category growth rate, and accounted for a new high of 20% of overall sales by volume and over 50% by value, GfK data shared exclusively with ET showed.

<https://economictimes.indiatimes.com/industry/services/retail/premium-models-drive-car-tv-smartphone-sales-in-diwali-season/articleshow/96042338.cms>

### Steel prices continue sliding, pose a risk to the recovery of steelmakers

Prices of steel continue to slide locally even as input costs remain high, posing a risk to the recovery of steelmakers in the latter half of the year after a miserable July-September quarter performance. There has been a pressure on steel prices in the domestic market due to average demand, lower exports and increased competition from imported steel. Prices of benchmark hot-rolled coil (HRC) steel as of December first week have declined by around Rs 3,000 per tonne compared to November to Rs 54,000-55,500 ex-Mumbai, according to data from SteelMint.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/steel/steel-prices-continue-sliding-pose-a-risk-to-the-recovery-of-steelmakers/articleshow/96036998.cms>

### Gold as an investment option: Demand down 15% in 10 days

Retail demand for gold as an investment has gone down by 15% in the last ten days amid a sudden jump in the price of the yellow metal, jewellers said. With prices increasing by nearly ₹1,500 to ₹54,260 per 10 gm, people who accumulate gold in the form of coins and bars are shying away from buying the metal, they said. "Gold has picked up in price action massively, rising by nearly \$60 per ounce in the last two weeks alone to trade around the \$1800 levels," said Colin Shah, MD of Mumbai-based Kama Jewellery, attributing the price increase largely to dovish commentary by the US Fed on its monetary policy. "Looking ahead to December, the metal looks set to extend recent gains, due to a combination of softer inflation prints, weaker economic data points and chances of the Fed hiking interest rates by 50 bps on December 14," he said.

<https://economictimes.indiatimes.com/industry/cons-products/fashion/-/cosmetics/-/jewellery/gold-as-an-investment-option-demand-down-15-in-10-days/articleshow/96037844.cms>

## Agriculture

### Fertiliser subsidy bill in FY'23 seen at Rs 2.3-2.5 lakh crore; may fall 25pc in FY'24: FAI

The government's fertiliser subsidy will rise to Rs 2.3-2.5 lakh crore in this fiscal but the bill may fall by 25 per cent in the 2023-24 financial year with moderation in global prices, according to industry body FAI. Fertilisers Association of India (FAI) expressed concern that the fixed cost of urea has not been increased affecting the viability of urea plants. It also pointed out that the industry is running on a very thin margin, which is hampering new investments in this sector. The industry body said there is sufficient availability of fertilisers, including urea and DAP, for the ongoing rabi (winter-sown) season. "We estimate the fertiliser subsidy bill at Rs 2.3 lakh crore to Rs 2.5 lakh crore," FAI President K S Raju told reporters here late Monday.

<https://www.financialexpress.com/economy/fertiliser-subsidy-bill-in-fy23-seen-at-rs-2-3-25-lakh-crore-may-fall-25pc-in-fy24-fai/2902547/>

### India will steer celebration of International Millet Year 2023, says Prime Minister Modi

India will steer the celebration of International Millet Year 2023 and organise campaigns to promote the cultivation and consumption of nutri-cereals, Prime Minister Narendra Modi said. The Prime Minister's message was conveyed at the opening ceremony for the International Year of Millets (IYM) - 2023 organised by Food and Agriculture Organization (FAO) of the United Nations in Rome, Italy, according to an official statement. An Indian delegation led

by Shobha Karandlaje, Minister of State for Agriculture, was present at the opening ceremony. During the event, India's ceremonial message by Prime Minister Narendra Modi was conveyed by Shobha Karandlaje. According to the statement, Modi said: "India will steer the IYM 2023 celebrations worldwide and organise campaigns to promote the cultivation and consumption of millets."

<https://economictimes.indiatimes.com/news/economy/agriculture/india-will-steer-celebration-of-international-millet-year-2023-says-prime-minister-modi/articleshow/96036578.cms>

## Infrastructure

### Govt likely to lease out 11 more airports soon

India remains the fastest-growing aviation market in the world, civil aviation minister Jyotiraditya Scindia said, as the industry shows signs of revival after the Covid-19 blow though airlines are struggling to increase capacity amid a global supply constraint. The country's air passenger number will hopefully touch about 400 million a year in the next five years, while the government is looking to lease out 11 more airports, the minister told ET's Arindam Majumder in an interview. Edited Excerpts:

<https://economictimes.indiatimes.com/industry/transportation/airlines/-aviation/govt-likely-to-lease-out-11-more-airports-soon/articleshow/96042416.cms>

### Plan to curb some aircraft imports may hurt business jets

The civil aviation ministry has called for measures to curb "non-essential imports" of certain kinds of aircraft, a proposal that industry executives and experts said could hit the purchase of business jets and helicopters for charters and even offshore exploration. A civil aviation ministry official said in a letter, dated December 6, addressed to the Directorate General of Civil Aviation (DGCA) and industry bodies such as FICCI, that the commerce ministry has seen a surge in non-essential imports of certain kinds of aircraft.

<https://economictimes.indiatimes.com/industry/transportation/airlines/-aviation/plan-to-curb-some-aircraft-imports-may-hurt-business-jets/articleshow/96042372.cms>

## Energy

### Cut excise duty on CNG till gas is included in GST: Kirit Parikh panel

The Union government should moderate the excise duty it levies on CNG till such time that the environment-friendly natural gas is included in the one-nation-one-tax GST regime, Kirit Parikh Committee has recommended. Natural gas is currently outside the ambit of GST, and existing legacy taxes — central excise duty, state VAT and central sales tax — continue to be applicable on the fuel. While the central government does not levy excise duty on natural gas when sold in gaseous form, it charges a 14 per cent tax on compressed natural gas (CNG). States levy VAT as high as 24.5 per cent on gas. The Parikh Committee, which was formed to recommend fair price of gas to the end consumer and a "market-oriented, transparent and reliable pricing regime", in its report to the Oil Ministry last week suggested that "gas should be brought under the GST regime".

<https://www.financialexpress.com/market/commodities/cut-excise-duty-on-cng-till-gas-is-included-in-gst-kirit-parikh-panel/2902904/>

### India's thermal power generation rises by 16% at 87,687 MU in November

India's thermal power generation registered a growth of 16.28 per cent at 87,687 MU (million units) in November this year as compared to 75,412 MU generated in the corresponding month of previous fiscal. The overall generation of power in the country also increased by 14.63 per cent from 1,02,968 MU to 1,18,029 MU in the reporting month year-on-year. Power utilities' despatch went up by 3.55 per cent to 62.34 million tonnes (MT) during November this year as compared to 60.20 MT in the year-ago month, the coal ministry said in a statement. Meanwhile, the country's total coal output went up by 11.66 per cent to 75.87 MT last month over 67.94 MT in November last fiscal.

[https://www.business-standard.com/article/economy-policy/india-s-thermal-power-generation-rises-by-16-at-87-687-mu-in-november-122120600629\\_1.html](https://www.business-standard.com/article/economy-policy/india-s-thermal-power-generation-rises-by-16-at-87-687-mu-in-november-122120600629_1.html)

### Windfall tax may be phased out in 2023, says Fitch Ratings

As oil rates have started moderating, the five-month-old tax on windfall profits made by oil companies will be phased out in 2023, Fitch Ratings said on Tuesday. The tax rates are revised every fortnight based on prevailing international rates. The levy on petrol export has since been abolished. The Indian government recently announced a reduction in windfall tax on locally produced oil, which has been brought down to Rs 4,900 per tonne. In addition to this, it also cut the export tax on diesel to Rs 6.5 per litre. "We expect the windfall taxes on domestic crude oil production levied by the government in 2022 to be phased out in 2023 with moderating prices," Fitch said in its APAC Oil & Gas Outlook 2023.

<https://economictimes.indiatimes.com/industry/energy/oil-gas/windfall-tax-may-be-phased-out-in-2023-says-fitch-ratings/articleshow/96029219.cms>

## Telecom

### Telcos to be paid 2 paise by government for sending alerts

Telecom operators will be paid 2 paise apiece by the government for sending SMS alerts and messages during disaster and non-disaster situations, the telecom regulator said in an order which takes effect from Wednesday. However, the messages will still have to be sent free of cost during disasters notified under the Disaster Management Act, 2005. Earlier, the rates were not prescribed and the payment to telcos used to be done on a case-by-case basis. Now a uniform rate has been prescribed to remove any ambiguity.

<https://economictimes.indiatimes.com/industry/telecom/telecom-policy/telcos-to-be-paid-2-paise-by-government-for-sending-alerts/articleshow/96038195.cms>

## External

### India's palm oil imports jumped 29% to 1.14 million tonnes in Nov: Report

India's palm oil imports jumped 29% in November from a month ago, as a steep discount to rival soyoil and sunoil made buying of the tropical oil lucrative for local refiners, five dealers told Reuters on Tuesday. Higher imports by India, the world's biggest palm oil buyer, would help top producer Indonesia cut its inventories and support benchmark Malaysian palm oil prices, which have nearly halved from this year's record highs. India's palm oil imports reached 1.14 million tonnes last month, the average estimate from five dealers with trading firms showed. In November 2021, India had imported 539,639 tonnes of palm oil. "Palm import increased because it is the cheapest oil right now compared to other oils," said Rajesh Patel, managing partner at GGN Research.

[https://www.business-standard.com/article/economy-policy/india-s-palm-oil-imports-jump-29-to-1-14-million-tonnes-in-nov-report-122120600466\\_1.html](https://www.business-standard.com/article/economy-policy/india-s-palm-oil-imports-jump-29-to-1-14-million-tonnes-in-nov-report-122120600466_1.html)

### India, Belarus to explore trade settlement in Indian rupees

India will explore with Belarus, a close ally of Russia, the option of replicating the deal it has struck with Moscow for settling international trade in rupees. Indian bankers are expected to meet a team of officials from Belarusian financial institutions this month to discuss the possibility, a person familiar with the matter told ET. Belarus is grappling with sanctions from the US and the EU for supporting Russia's attack on Ukraine. "Since India imports fertiliser from Belarus, a rupee settlement could help. It could be exactly like the rupee trade with the Russian parties. Many Russian banks have opened Vostro accounts with us though some of the Indian oil refiners are paying hard currency to buy oil from Russia," said a banker.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-belarus-to-explore-trade-settlement-in-indian-rupees/articleshow/96037702.cms>

### India's imports of aeroplanes, helicopters, turbojets rose sharply in H1 FY23

The Ministry of Commerce has red-flagged the sharp rise in imports of unladen aeroplanes of over 15,000 kg, turbo jets and helicopters of unladen weight with the Ministry of Civil Aviation. Accordingly the Ministry of Civil Aviation (MoCA) has asked the DGCA to take steps to contain imports and up the exports, so as to "bring down the trade deficit". The concerns, part of the Commerce Ministry's import alert list, have been raised only for items whose values are over \$200 million.

<https://www.thehindubusinessline.com/economy/indias-imports-of-aeroplanes-helicopters-turbojets-rose-sharply-in-h1-fy23/article66231157.ece>

