



December 08, 2022 – Thursday

Key Developments

Export benefits under tax refund scheme extended to pharma, steel items, chemicals for specified period

The government on Wednesday extended export benefits under the tax refund scheme -- RoDTEP -- to chemicals, pharmaceuticals and products of iron and steel for a specified period with a view to boost shipments of these goods, amidst exports growth recording a contraction of 16.65 per cent in October. Benefits under the Remission of Duties and Taxes on Exported Products (RoDTEP) Scheme will be given to exports made during December 15 this year till September 30 next year. These sectors were left out in the earlier exercise which was conducted in August 2021. "Taking a major step to boost exports, the Centre today further expanded the scope of the RoDTEP scheme by including the exports made from the chemical sector, pharmaceuticals sector and exports of articles of iron and steel," the commerce ministry said.

<https://economictimes.indiatimes.com/news/economy/policy/export-benefits-under-tax-refund-scheme-extended-to-pharma-steel-items-chemicals-for-specified-period/articleshow/96063659.cms>

Economy

'India could experience heatwaves that break human survivability limit'

Severe heat waves, responsible for thousands of deaths across India over the last few decades, are increasing with alarming frequency and soon the country could become one of the first places in the world to experience heat waves that break the human survivability limit, according to a new report. The World Bank report titled "Climate Investment Opportunities in India's Cooling Sector" said the country is experiencing higher temperatures that arrive earlier and stay far longer. "In April 2022, India was plunged into the grip of a punishing early spring heat wave that brought the country to a standstill, with temperatures in the capital, New Delhi, topping 46 degrees Celsius (oC) (114 degrees Fahrenheit). The month of March, which witnessed extraordinary spikes in temperatures, was the hottest ever recorded", it said. The report will be released during the two-day "India Climate and Development Partners' Meet" being organised by World Bank in partnership with the Kerala government here. Predicting that heat waves situation in India could break the human survivability limit, it said the recent heat wave supports what many climate scientists have long cautioned about with reference to rising temperatures across South Asia.

https://www.business-standard.com/article/current-affairs/india-could-experience-heatwaves-that-break-human-survivability-limit-122120700507_1.html

Gig workforce to add 9-11 million jobs by 2025 in India, says report

With more and more companies preferring to hire employees on project basis, a report has revealed that there is likely to be 90-110 lakh additions to the gig workforce by 2025, a report said on Wednesday. The gig economy has been one of the most pivotal economic shifts in a long time and people are choosing gig jobs because it works with their lifestyle, they can choose when and how much they work, or it allows them to earn money between jobs, global job site Indeed said in the report. According to the report, companies have also started investing in gig work platforms and processes, which indicates how integral they are to the future of jobs growth in India.

https://www.business-standard.com/article/companies/gig-workforce-to-add-9-11-million-jobs-by-2025-in-india-says-report-122120701024_1.html

Banking and Finance

RBI hikes repo rate by 35 bps to 6.25%, cuts FY23 GDP forecast to 6.8%

On Wednesday, the Reserve Bank of India announced a 35-basis-point increase in the repo rate to 6.25 per cent. The RBI Monetary Policy Committee (MPC) voted to raise the rate to bring elevated inflation back towards its target of 4 per cent, governor Shaktikanta Das said. The Standing Deposit Facility rate – which represents the floor of the interest rate corridor, is now 35 bps higher at 6 per cent. The Marginal Standing Facility rate, which is the upper band of the interest rate corridor, has also been increased by 35 bps to 6.50 per cent. Das said that the MPC had retained its inflation forecast for the current financial year at 6.7 per cent. The MPC has, however, made mild upward revisions to the inflation forecasts for the current quarter and the next quarter. CPI inflation is seen at 6.6 per cent in October-December versus the 6.5 per cent projected earlier. In January-March, headline retail inflation is seen at 5.9 per cent versus 5.8 per cent estimated earlier.

https://www.business-standard.com/article/finance/rbi-mpc-repo-rate-hiked-by-35-bps-accommodation-withdrawal-to-continue-122120700270_1.html

Centre allocates 1,118 lakh tonnes of food grains, Rs 3.91 lakh crore as subsidy under PMGKAY

The Centre has allocated 1,118 lakh tonnes of foodgrains to states and Union Territories so far under the free ration scheme PMGKAY with a food subsidy outlay of around Rs 3.91 lakh crore, Parliament was informed on Wednesday. The Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) was launched in April 2020 and has been extended several times. In September-end, the scheme was extended for a further period of three months up to December 2022 (Phase VII). Under the scheme, the Centre provides 5 kilograms of wheat and rice free of cost to 80 crore poor every month. This is over and above the foodgrains supplied under the National Food Security Act (NFSA). In a written reply to Lok Sabha, Food and Consumer Affairs Minister Piyush Goyal said: "So far under the PMGKAY scheme the government has allocated a total of almost 1,118 lakh tonnes foodgrains to the states/UTs (i.e total allocation from Phase I to phase VII)."

<https://economictimes.indiatimes.com/news/economy/policy/centre-allocates-1118-lakh-tonnes-of-food-grains-rs-3-91-lakh-crore-as-subsidy-under-pmgkay/articleshow/96062870.cms>

Foodgrain subsidy bill to surge 30% to \$33 billion this year: Report

India's spending on subsidised foodgrain to the poor may rise to 2.7 trillion rupees (\$32.74 billion) this fiscal year, as the government continues to provide support to the poor at least until December, according to a government official and a document reviewed by Reuters. Federal government food subsidies will likely increase by 30% over the 2.07 trillion rupees (\$25.14 billion) estimated in the budget, the official said, speaking on condition of anonymity as discussions are confidential. Increased subsidies on foodgrain and fertiliser are likely to strain the federal budget, even though the government has seen strong tax collections this year. That could prompt it to cut other expenses to meet the budgeted fiscal gap of 6.4% of gross domestic product (GDP), Reuters reported.

https://www.business-standard.com/article/economy-policy/foodgrain-subsidy-bill-to-surge-30-to-33-billion-this-year-report-122120700705_1.html

Duty reduction to impact customs, excise mop-up: CBIC Chairman Vivek Johri

Robust GST collections will help achieve the FY23 revenue growth target on the indirect taxes front, despite the impact of duty cuts on central excise and customs mop-up, a top official said on Wednesday. Central Board of Indirect Taxes & Customs Chairman Vivek Johri said the government's cuts in duties will make collections on customs and central excise challenging for the fiscal. "If you look at indirect taxes as a whole, then I am pretty confident that we will meet the target. We are on track," he told reporters on the sidelines of an event in Mumbai to mark the 60th anniversary of the Customs Act, 1962. Johri said most of the growth has been coming from the Goods and Services Tax (GST), where revenues have been doing very well for the last two months. "Given the very robust growth in GST, I think overall.. we will be able to meet the revenue targets," he said.

<https://economictimes.indiatimes.com/news/economy/policy/duty-reduction-to-impact-customs-excise-mop-up-cbic-chairman-vivek-johri/articleshow/96064525.cms>

Startup funding falls 35% in 2022, says Tracxn report

The Indian startup ecosystem has witnessed a 35% year-on-year fall in total funding so far in 2022 (till December 5) at \$24.7 billion, with retail and fintech among the worst-affected sectors, a report by startup data platform Tracxn has said. Retail and fintech sectors witnessed a fall of 57% and 41%, respectively, in amounts of funds raised in 2022, according to Tracxn's India Tech 2022 annual report. Yet, these two sectors alongside enterprise applications remained top fundraisers during the year. The report also recorded a slowdown in investor exits during the year as valuations realised during exits became subdued. In 2022, 11 startups did their initial public offerings (IPOs), compared to 16 last year. This year's top IPOs in the segment include logistics service provider Delhivery (May 2022), B2B digital payments platform AGS Transact Technologies, and Bengaluru-based digital certifying platform eMudhra. <https://economictimes.indiatimes.com/tech/startups/startup-funding-falls-35-in-2022-says-tracxn-report/articleshow/96064276.cms>

Industry

Government recognises 84,102 entities as startups as on November 30

The government has recognised as many as 84,102 entities as startups as on November 30 this year, Parliament was informed on Wednesday. These startups are eligible for availing host of incentives, including income tax benefits under the Startup India scheme, launched in January 2016. "As on 30th November 2022, 84,102 entities have been recognised as startups by DPIIT," Minister of State for Commerce and Industry Som Parkash said in a written reply to the Lok Sabha. He said recognised startups are spread across 56 sectors, including agriculture, biotechnology and chemicals.

<https://www.financialexpress.com/industry/government-recognises-84102-entities-as-startups-as-on-november-30/2904649/>

Consumer-facing firms see no 'immediate impact' of RBI's rate hike

The repo rate hike announced by the Reserve Bank of India (RBI) on Wednesday is unlikely to have an immediate impact on consumer-facing sectors such as automobiles and consumer durables, but could hit demand in the medium to long term, according to top executives at some of these firms. Shashank Srivastava, senior executive officer (sales and marketing) at Maruti Suzuki India, said that though higher retail loan rates could adversely impact demand, the industry would have to wait and see "as the demand parameters are stable" at present. Close to 78 per cent of the cars in India are bought on credit. "The RBI has to look at the overall economic scenario, and obviously with the inflation stubbornly above the target rate, the increase of 35 basis points in repo rate is logical and balanced," Srivastava said.

https://www.business-standard.com/article/economy-policy/consumer-facing-firms-see-no-immediate-impact-of-rbi-s-rate-hike-122120701398_1.html

Consumer MNCs plan to go big on India next year

Amid global demand headwinds and layoffs, nearly a dozen multinationals including Nestle, PepsiCo, Pernod Ricard, Mars-Wrigley, Coca-Cola, Mondelez, L'Oreal and Anheuser-Busch InBev are doubling down on India with higher investment, increased spending and selective hiring in their annual operating plans for 2023, having identified it as among the few markets that are growing. "Economic growth opportunities are huge, we are adding newer categories and investments and increasing spending incrementally," PepsiCo India president Ahmed Elsheikh said. "As we make our annual plans for next year, we have identified that this is the decade of India." At last week's Nestle SA investor meet, the Swiss maker of Maggi instant noodles highlighted that the country is becoming an even more important geography.

<https://economictimes.indiatimes.com/industry/cons-products/fmcbg/consumer-mncs-plan-to-go-big-on-india-next-year/articleshow/96069572.cms>

Tech majors, MNCs go slow on office expansion plans

Many domestic and multinational companies including tech majors are re-evaluating their workplace strategies, which include establishing campuses to acquiring large office buildings around metros, amid the shift to the hybrid work model. According to industry insiders, a search that was ongoing for more than 10 million square feet of large office space for global tech majors has already veered into the slow lane. "While 2022 is well-gearred to close on a high note, the India office market is likely to see some rationalisation in demand in 2023. Companies are putting a

hold on new hiring as they brace up to keep costs under check due to looming recessionary conditions and slower growth in major economies," said Ramesh Nair, chief executive, India at commercial real estate services firm Colliers. Due to global uncertainties, large companies like Meta, Amazon, Twitter, and IBM have either announced job cuts globally or put a hiring freeze in place. Local companies including startups have also laid off employees.

<https://economictimes.indiatimes.com/industry/services/property/-/cstruction/tech-majors-mnacs-go-slow-on-office-expansion-plans/articleshow/96065771.cms>

Infrastructure

Railways to develop 100 Gati Shakti cargo terminals in next three years: Ashwini Vaishnaw

The Indian Railways will build 100 Gati Shakti cargo terminals in the coming three years, union minister Ashwini Vaishnaw informed the Parliament on Wednesday. Such terminals will be developed under the Gati Shakti Cargo Terminal (GCT) Policy from 2022-23, 2023-24 & 2024-25, the minister said while replying to a query in the Lok Sabha. Twenty-two Gati Shakti cargos have already been commissioned, while 125 applications for development of such terminals have been received and 79 in-principle approvals have been granted. For these to be developed on non-railway land, the GCT operators will identify the location and will construct the terminal after obtaining necessary approval.

<https://economictimes.indiatimes.com/industry/transportation/railways/railways-to-develop-100-gati-shakti-cargo-terminals-in-next-three-years-ashwini-vaishnaw/articleshow/96063092.cms>

Railway ministry seeks 30% hike in FY24 Budget allocation

The ministry of railways has sought a 30% higher budgetary allocation for FY24 from the finance ministry to support the launch of new trains and upgrade of existing railway infrastructure. "Railways has indicated that it will require 30% more allocation for the next fiscal year," a government official said, adding that additional expenditure has been sought for launch of new Vande Bharat trains, laying of new railway tracks and enhancement of security.

<https://economictimes.indiatimes.com/industry/transportation/railways/railway-ministry-seeks-30-hike-in-fy24-budget-allocation/articleshow/96065766.cms>

Bankruptcy resolution rate of realty companies among the poorest, says new study

Just about 5% of cases under the Insolvency & Bankruptcy Code (IBC) involve real estate, and the sector has one of the lowest resolution rates but also highest claim realisations, according to a joint analysis by law firm Khaitan & Co and property consultancy Anarock Capital. Since IBC was implemented in 2016, 25,225 cases involving a total of ₹10.5 lakh crore have been disposed of under Sections 7, 9 and 10 of the Code. The study said the IBC had driven superior value realisation by financial creditors in real estate - with this class of creditors realising 66% of the admitted claims as compared to just 31% of admitted claims realised in other sectors.

<https://economictimes.indiatimes.com/industry/services/property/-/cstruction/bankruptcy-resolution-rate-of-realty-companies-among-the-poorest-says-new-study/articleshow/96065778.cms>

Energy

Govt launches plan for transmission of 500 GW green energy by 2030

The government Wednesday launched a ₹2.44 lakh crore transmission plan to evacuate 500 gigawatts (GW) of non-fossil fuel-based energy by 2030. The plan, based on the recommendations of an expert committee set up by the ministry, entails 50,890 circuit km transmission lines and 4,33,575 MVA substation capacity. Since renewable energy is available mostly during the day, the plan also envisages the installation of 51.5 GW battery storage by 2030 to provide round-the-clock power to end-consumers. India plans to have 500 GW of non-fossil-based power capacity by 2030 so that cleaner fuels comprise 50% of the power mix.

<https://economictimes.indiatimes.com/industry/renewables/govt-launches-plan-for-transmission-of-500-gw-green-energy-by-2030/articleshow/96065618.cms>

India to build more nuclear power plants to boost clean energy production

India plans to build more nuclear power plants to increase the production of clean energy, the government said on Wednesday. The government has approved five new sites for nuclear power plants and given the financial go-ahead to build 10 700-MW pressurized heavy water reactors, the statement said.

https://www.business-standard.com/article/economy-policy/india-to-build-more-nuclear-power-plants-to-boost-clean-energy-production-122120700782_1.html

Electricity demand in April 2023 likely to be up to 40GW higher than last year: Power Minister

Power Minister R K Singh on Wednesday said he expects power demand in April next year to be higher by 30-40 gigawatts (GW) compared to the same month last year, aided by India's economic growth and rising household consumption. Energy consumption in April 2022 stood at 133 billion units (BU), which was 11 per cent higher Y-o-Y, while the national peak demand stood at 207.11 GW, a 13 per cent annual growth.

<https://www.thehindubusinessline.com/economy/electricity-demand-in-april-2023-likely-to-be-up-to-40gw-higher-than-last-year-power-minister/article66236037.ece>

States

Uttar Pradesh targets Rs 30,000 crore investment in electric mobility

Even as speculation is rife about the launch of 'Tata Nano' car in a refurbished electric variant by the Tata Group, the Yogi Adityanath government is looking to position Uttar Pradesh as an e-vehicle hub in India. More specifically, the government has envisaged the western and central UP regions to develop as potential e-vehicle hubs owing to the presence of a large network of expressways and proximity to the National Capital Region (NCR). Besides, the Eastern and Western Freight Corridors as well as the proposed Jewar International Airport are also in the western region of UP to supplement the e-vehicle roadmap. Under the UP Electric Vehicle Manufacturing and Mobility Policy 2022, the state has set the target of garnering Rs 30,000 crore of fresh investment and generating a million fresh job opportunities in the sector.

https://www.business-standard.com/article/economy-policy/uttar-pradesh-targets-rs-30-000-crore-investment-in-electric-mobility-122120701021_1.html

External

India to step up gas imports to address summer power demand: Report

India has asked state-run firms to increase imports of natural gas in anticipation of higher power demand next summer, three government sources said, aiming to avoid repeating a power crisis in April that was its worst in more than six years. While the share of natural gas in India's power generation was just 1.5% this year, down from 3.3% in 2019 due to limited local availability and high global prices, the authorities see it as a crucial stop-gap power source for crunch times, especially when intense summer heat drives up air conditioning use. An unrelenting heatwave this year sparked unprecedented electricity use in April, when power demand outstripped estimates by more than 7% and led to widespread power outages. Temperatures typically start rising in most parts of India around mid-March and remain elevated until early June.

https://www.business-standard.com/article/economy-policy/india-to-step-up-gas-imports-to-address-summer-power-demand-report-122120700661_1.html

India's April-Nov finished steel exports fall 55% YoY on low demand: Report

India's finished steel exports more than halved during the first eight months of the current fiscal year that began in April, according to the latest government data reviewed by Reuters. Finished steel exports slumped 55% to 4.3 million tonnes during April to November period due to a slowdown in global demand and the decision by India to impose an export tax on some steel products. Last month, the government scrapped the export tax but steel makers and industry officials said it would be a challenge for mills to regain their traditional markets, including Europe. Despite a drop in exports, India, the world's second-biggest crude steel producer, was a net exporter of the alloy.

https://www.business-standard.com/article/economy-policy/india-s-april-nov-finished-steel-exports-fall-55-yoy-on-low-demand-report-122120700577_1.html

Broken rice exports up 33 pc to 24 lakh tonne in April-September FY23

Exports of broken rice increased 33.37 per cent to 23.82 lakh tonne during April-September FY23 as against 17.86 lakh tonne in the year-ago period, Parliament was informed on Wednesday. Minister of State for Commerce and Industry Anupriya Patel said there has been a sudden increase in demand for the Indian broken rice in the international market due to geo-political reasons. "India's exports of broken rice have increased from 17.86 Lakh MT in 2021-22(April- September) to 23.82 Lakh MT in 2022-23 (April-September), registering a growth of 33.37 per cent," she said in a reply to the Lok Sabha. The minister added that the export has increased about three times in the last four years from 12.21 lakh tonne in 2018-19 to 38.90 lakh tonne in 2021-22 in volume terms.

<https://www.financialexpress.com/economy/broken-rice-exports-up-33-pc-to-24-lakh-tonne-in-april-september-fy23/2904624/>

Govt working on ways to contain surge in imports of non-essential goods

The government is working on ways to contain surge in imports of non-essential goods with an aim to boost the country's exports and reduce trade deficit, an official said. The commerce ministry has identified those products and have sent communications to the line ministries to work on remedial measures for cutting down those imports, the official said.

<https://www.financialexpress.com/economy/govt-working-on-ways-to-contain-surge-in-imports-of-non-essential-goods/2904838/>

India wants 5-year IPR waiver on Covid tests, treatments

India, South Africa and 80 other countries have pitched for a global patent waiver for Covid-19 diagnostics and therapeutics for a five-year period. India wants the intellectual property rights (IPR) waiver deal offered for vaccines to be extended to therapeutics and diagnostics. At a meeting of the Trade-related Aspects of Intellectual Property Rights (TRIPS) Council on Tuesday, India and others submitted a text proposing that World Trade Organization (WTO) ministerial council be "extended mutatis mutandi for the production and supply of Covid-19 therapeutics and diagnostics". China and Singapore echoed the US' position for an extension of the deadline to decide the waiver at the meeting.

<https://economictimes.indiatimes.com/news/india/india-wants-5-year-ipr-waiver-on-covid-tests-treatments/articleshow/96065615.cms>