



December 16, 2022 – Friday

Economy

Mgnrega work generation rebounds 19.4% in November

Work generation under the Mahatma Gandhi National Rural Employment Guarantee scheme shot up last month, after touching year's low in October, due to fall in demand for workers in the agriculture sector and sudden drop in labour activity in urban India after the end of festive season. Data from the Mgnrega website showed that work generation under the scheme went up by 19.4% in November to 194 million persondays compared to 162.4 million in October, while the households benefiting from the scheme last month was up 14.9% at 15.4 million as against 13.4 million in October.

<https://economictimes.indiatimes.com/news/economy/indicators/mgnrega-work-generation-rebounds-19-4-in-november/articleshow/96261440.cms>

FASTag transactions at all-time high in November

The FASTag monthly toll transaction hit an all-time high of 285.83 million in November, beating by a whisker the previous high of 285.37 million reported in May this year. The monthly volume saw a decline during June and July but bounced back in August. However, in September it dropped only to pick up in October and November, according to National Payments Corporation of India (NPCI) data. On a year-on-year basis, the volume grew by 33 per cent to 285.83 million as against 214 million in the same period last year. FASTag toll collections jumped around 46 per cent y-o-y on a daily average basis in November taking the total FASTag toll collections to ₹4,646 crore as against ₹3,177 crore a year ago. Improved collection is critical for companies looking to monetise their existing toll assets, says a report by Motilal Oswal Investment Services.

<https://www.thehindubusinessline.com/economy/logistics/fastag-transactions-at-all-time-high-in-november/article66267136.ece>

India growing faster than official data shows, says Credit Suisse

India is growing faster than what is captured by the country's official data, and it presents a case for an upgrade of equities outlook, a Swiss brokerage said on Thursday. The brokerage firm's head of research Neelkanth Mishra said the country will grow at 7 per cent in FY24, as against the consensus estimates which peg the real growth to slip below 6 per cent. Mishra told reporters that the consensus estimates are based on official data alone, whereas the brokerage analysis has taken into account a broad data set to arrive at its expectation. Mishra said the growth in dense fuels — which is typically below the real GDP growth as fuel efficiencies go up — is over 4 per cent per annum for the last three years.

<https://www.financialexpress.com/economy/india-growing-faster-than-official-data-shows-says-credit-suisse/2914660/>

Banking and Finance

IBC changes on agenda to speed up resolution; bill likely to be introduced in Budget Session

The government is considering changes to the Insolvency and Bankruptcy Code (IBC) to speed up the resolution process, said a senior government official. In particular, these would address inter-creditor disputes, identified as

the leading cause of delays. An amendment bill is likely to be introduced in the budget session after stakeholder consultations. "The Insolvency Law Committee will meet next week to finalise the proposals, post which the formal consultation process will begin," the official said. According to government data, 12,871 bankruptcy resolution cases were pending on October 31, down from 13,211 as on December 31, 2021. The average number of days taken to resolve a case rose from 230 days in FY18 to 679 days in the first half of FY23.

<https://economictimes.indiatimes.com/news/india/ibc-changes-on-agenda-to-speed-up-resolution-bill-likely-to-be-introduced-in-budget-session/articleshow/96265325.cms>

Bank margins may come under stress amid deposit rate war

The Bank Nifty is trading near lifetime highs, reflecting the fortunes of lenders that extricated themselves from the quagmire of bad assets spawned by the last round of bankrolled capacity expansion. Yet, bank profitability, now at its highest in a decade, faces the risk of starting a downward journey yet again as the hunt for deposits compels lenders to pay more to savers, narrowing net interest margins (NIM). Over the past few weeks, lenders such as HDFC Bank, ICICI Bank and State Bank of India (SBI) have raised their deposit rates by up to a percentage point to garner more deposits so that they can lend to borrowers across segments — institutional, retail or small-business owners.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/bank-margins-may-come-under-stress-amid-deposit-rate-war/articleshow/96261449.cms>

NBFCs seen growing at 10-12 pc this fiscal and next

Led by retail-focused players, non-banking financial companies (NBFCs) are likely to close the current fiscal and the next with a loan growth of 10-12 per cent and see around 50 basis points improvement in profitability, a report said. According to IcrA Ratings, retail-focused NBFCs are expected to grow 12-14 per cent while the housing finance companies may grow at 10-12 per cent. The forecast is based on the asset quality improvement and the overall pick up in credit demand. However, microfinance and personal loans, which together constitute a quarter of the Rs 25-lakh crore shadow banking sector, will continue to grow at high pace.

<https://www.financialexpress.com/industry/banking-finance/nbfc-seen-growing-at-10-12-pc-this-fiscal-and-next/2914556/>

Industry

Listed companies employed record 10 million in 2021-22: CMIE

Listed companies had employed a record 10 million employees in 2021-22 and paid wages to the order of Rs 700,000 per employee, the Centre for Monitoring Indian Economy said. This is much higher than the average salary of close to Rs 3,00,000 received by all salaried employees employed by listed, unlisted or big and small enterprises, it said, making a case for a need for larger enterprises in India. According to the CMIE's Consumer Pyramids Household Survey, average wages paid by listed companies is more than twice the salaries paid by other enterprises and the average wages paid by an enterprise rises as the size of the company increases. CMIE used a set of around 3,300 listed companies for which data was available for 2021-22 and created ten sets of companies by the size of the company to analyse the trend, it said in its weekly labour market analysis.

<https://economictimes.indiatimes.com/news/economy/indicators/listed-companies-employed-record-10-million-in-2021-22-cmie/articleshow/96248856.cms>

Construction costs up 28% since pre-pandemic levels

Cost of construction has increased 28% as on November 2022, higher than pre-pandemic levels but continues to be stable, compared to March this year, said Colliers. The costs of key construction materials have jumped 32% in a span of three years, affecting margins and operational schedule of construction companies. The government's efforts such as reducing exports and cutting import duties have kept raw material costs in check over the last few months. However, by November 2022, overall costs of key construction materials (Steel, Cement, Aluminium and Copper) declined by 8%, as compared to March 2022. Aluminium registered highest decline of 55%, followed by Steel at 6% decline. However, Cement and Copper costs increased by 9% and 3% respectively along with labour costs. This, coupled with decreased fuel costs have kept overall construction costs stable since March 2022.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/construction/construction-cost-increases-by-28-in-november-2022/articleshow/96242423.cms>

FMCG market set for disruption as Reliance launches 'Independence'

The FMCG market is set for a disruption with Reliance Retail launching its products under brand name 'Independence'. The company said the brand will be present in multiple categories, including staples, processed foods and other daily essentials, directly competing with the likes of HUL, ITC, Marico and Tata Consumer. "I am happy to announce the launch of our own FMCG brand, Independence, which brings a wide choice of high quality and affordable products including edible oils, pulses, grains, packaged foods and other daily need products," said Isha Ambani, Director, Reliance Retail Ventures Ltd.

<https://www.thehindubusinessline.com/companies/fmkg-market-set-for-disruption-as-reliance-launches-independence/article66267912.ece>

Indian brands corner more than half of wearables market

After being pushed to the fringes in the smartphone segment, Indian brands are dominating the ₹60,000-crore accessories space, including wearables, hearables and power accessories. And even as smartphone players cut down on production amid fears of an impact from macroeconomic concerns, Indian wearable brands are doubling down on expansion and manufacturing plans in hopes of strong growth, mainly from the hinterlands and expected customer upgrades. Among the top five wearable brands in India, top three are Indian brands - Nexxbase (Noise) with an over 32% share, Imagine Marketing (BoAt) with nearly 14%, and Fire-Boltt with nearly 9% share, which have cornered almost 55% combined share of the market, according to IDC India. Chinese rivals OnePlus (over 8%) and Realme (over 4%) make up the top five.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/indian-brands-corner-more-than-half-of-wearables-market/articleshow/96265887.cms>

Agriculture

Budget may provide funds to encourage agri startups

The government is likely to allocate funds to provide lowinterest loans and tax incentives to encourage startups in the agricultural sector in the upcoming budget. It will support startups in the field of artificial intelligence (AI), machine learning (ML), remote sensing, big data, block chain, internet of things (IoT), Geographic Information System (GIS) technology, and the usage of drones and robots to transform the agricultural sector. "These agritech startups can build a more resilient agricultural ecosystem, support farmers with small holdings and impart knowledge about best practices. Therefore, they need to be encouraged," said a senior government official without wanting to be identified.

<https://economictimes.indiatimes.com/news/economy/agriculture/budget-may-provide-funds-to-encourage-agri-startups/articleshow/96261533.cms>

Wheat stocks to fall further by 13% but will be sufficient, says Centre

Wheat stocks in India's government warehouses will fall by about 13% by early next month from current levels but will be sufficient for welfare schemes of the country, the ministry of consumer affairs and food said on Thursday. Wheat stocks in government warehouses for December fell to the lowest in six years, as prices jumped to a record high on rising demand and falling inventories. India, the world's second-biggest wheat producer, placed a ban on its exports in May. About 15.9 million tonnes of wheat will be available as of Jan. 1, higher than the buffer requirement of 13.8 million, according to a government statement. Around 18.2 million tonnes are available as of now.

https://www.business-standard.com/article/economy-policy/wheat-stocks-to-fall-further-by-13-but-will-be-sufficient-says-centre-122121500477_1.html

India eyes record rapeseed crop as high prices prompt farmers to plant more

Rapeseed output in India is likely to rise to a record high in 2023 as higher prices have encouraged farmers to plant the main winter oilseed on nearly 9% more area than a year ago, trade and industry officials said. Higher rapeseed production could help India, the world's biggest importer of vegetable oils, cut expensive overseas purchases of cooking oils that cost the country a record \$18.9 billion in the fiscal year to March 31, 2022. India meets more than 70% of its cooking oil demand through imports of palm oil, soyoil and sunflower oil from Malaysia, Indonesia, Brazil, Argentina, Ukraine and Russia.

https://www.business-standard.com/article/economy-policy/india-eyes-record-rapeseed-crop-as-high-prices-prompt-farmers-to-plant-more-122121500478_1.html

India clinches top spot in milk production, contributes a quarter of global production; output rises to 220 million tonnes

Adding another feather to its cap, India clinched the top spot in milk production and produced 220.78 million tonnes in 2021-22, informed the Government of India (GoI). The country is contributing a quarter of global milk production. It is a 51 per cent growth when compared to 2014-15. At that time milk production was 146.31 million tonnes. The source of the data is the Ministry of Fisheries, Animal Husbandry and Dairying, Government of India.

<https://www.financialexpress.com/economy/india-clinches-top-spot-in-milk-production-contributes-a-quarter-of-global-production-output-raises-to-220-million-tonnes/2914667/>

Cotton industry operating below capacity, wants import duty junked

As big farmers and small trade aggregators hoard cotton expecting return of the historically high prices of the previous year, the cotton-based industry continues to operate below its capacity, seeking the removal of import duty. However, a section of the industry thinks that allowing imports may hurt farmers' sentiments at a time when the industry is facing a cotton crunch. "Cotton arrivals are short by about 30-40% than normal. We are unable to meet our requirements through imports due to the import duty on cotton. Currently, Indian cotton prices are higher than the global prices by about 10-12%, while the foreign buyers of Indian cotton textile, garments and yarn are quoting lower prices. We have requested the central government to consider removing import duty on cotton," said Ravi Sam, chairman, the Southern India Mills Association (SIMA).

<https://economictimes.indiatimes.com/news/economy/foreign-trade/cotton-industry-operating-below-capacity-wants-import-duty-junked/articleshow/96261492.cms>

Infrastructure

Warehousing and logistics supplies likely to double by 2030: Report

Warehousing and logistics supplies are likely to double to cross 700 million square feet by 2030, for which more than USD 20 billion additional investment is needed, a report said on Thursday. According to a report by the CBRE Group, which is the world's largest commercial real estate services and investment firm, during the first nine months of 2022 saw the sector getting only about USD 144 million across greenfield and brownfield assets from global investors. The report said that leasing activity in the segment grew 40 per cent to 9.2 million square feet in the third quarter over second quarter.

https://www.business-standard.com/article/economy-policy/warehousing-and-logistics-supplies-likely-to-double-by-2030-report-122121501043_1.html

Energy

Govt cuts windfall tax on petrol, diesel, ATF

The Centre on Friday cut the windfall profit tax on domestically produced crude oil and also reduced the levy on diesel. The revised tax rates become effective from December 16, 2022. The tax on crude oil produced by local firms has been reduced to Rs 1,700 per tonne from the existing Rs 4,900 per tonne, as per government notification. Meanwhile, the government cut the rate on export of diesel to Rs 5 per litre from Rs 8 per litre. The levy includes Rs 1.5 per litre as road infrastructure cess.

<https://economictimes.indiatimes.com/industry/energy/oil-gas/govt-cuts-windfall-tax-on-petrol-diesel-atf/articleshow/96266348.cms>

CERC revises upwards fees & charges on renewable energy certificates

The Central Electricity Regulatory Commission (CERC) has revised upwards the fees and charges paid by eligible entities for accreditation, registration and issuance renewable energy certificates (RECs). The regulator's suo motu order, dated December 9, comes after the central agency — National Load Despatch Centre (NLDC) — submitted a proposal in October 2022 for fixing the fees and charges. "The central agency in its proposal, has provided audited accounts of income and expenditure statement and balance sheet pertaining to REC mechanism for FY21 and FY22

and highlighted that it has suffered recurrent loss of ₹55.86 lakh and ₹50.09 lakh in the previous FY21 and FY22, respectively," CERC said in the ruling.

<https://www.thehindubusinessline.com/companies/cerc-revises-upwards-fees-charges-on-renewable-energy-certificates/article66267412.ece>

Telecom

BSNL to be allotted Rs 62,000 crore spectrum for 5G rollout

The department of telecommunications (DoT) has decided to allocate spectrum worth about ₹62,000 crore to state-run Bharat Sanchar Nigam (BSNL) for rolling out its 5G services by August 2023. The state-run firm is scheduled to start 4G services from next month in select cities and the network expansion for 4G and 5G will happen simultaneously. Officials said a committee of DoT has approved a proposal to give a 10 MHz block in the premium 700 MHz spectrum band worth about ₹40,000 crore along with 70 MHz in the mid-band (3600 MHz to 3670 MHz) worth about ₹22,000 crore to BSNL for 5G.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/bsnl-to-be-allotted-rs-62000-crore-spectrum-for-5g-rollout/articleshow/96261579.cms>

External

Exports register modest growth at \$32 billion in November; Trade deficit narrows

India's merchandise exports registered a modest growth in November after recording a sharp contraction in the previous month, helping the trade deficit to narrow month on month. Merchandise exports stood at \$31.99 billion last month, up 0.59% from \$31.8 billion in November 2021, according to the data released by the government on Thursday. Merchandise exports had contracted 16.7% year on year to \$29.8 billion in October.

<https://economictimes.indiatimes.com/news/economy/indicators/exports-record-flat-growth-at-usd-32-billion-in-november/articleshow/96260049.cms>

Government considering quality control order for silk: Piyush Goyal

India is proposing to put in place quality standards for silk to check inflow of sub-standard imports, commerce and industry minister Piyush Goyal said Thursday. Goyal said the government plans to have in place a quality control order (QCO) on silk. He also announced setting up of a Textile Advisory Group (TAG) on manmade fibre to draw a roadmap for the sector and its value chain along with a memorandum of understanding with the textile industry for traceability, certification and branding of Kasturi cotton, which is the brand of India's premium cotton.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/govt-considering-quality-control-order-for-silk-piyush-goyal/articleshow/96261436.cms>

US diplomat meets Jaishankar, discusses G20 presidency of India

An influential American diplomat met Indian External Affairs Minister S Jaishankar on Thursday during which they discussed preparations for India's G20 presidency and bilateral relationship. Under Secretary of State Victoria Nuland met Jaishankar at the UN headquarters in New York ahead of attending the briefing hosted by India at the UN Security Council on counter-terrorism, the State Department said in a statement. "They discussed preparations for India's G20 presidency and our bilateral and multilateral efforts to support security and prosperity in the Indo-Pacific and globally," the State Department said.

<https://economictimes.indiatimes.com/news/india/us-diplomat-meets-jaishankar-discusses-g20-presidency-of-india/articleshow/96266115.cms>