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Economy

Global risks persist, this is not the time for aggressive fiscal consolidation, says MPC Member Ashima Goyal

The government should not go in for an 'aggressive fiscal consolidation' in the upcoming budget as global risks have not abated, RBI Monetary Policy Committee (MPC) Member Ashima Goyal said on Wednesday. Goyal further said subsidies are expected to come down as food and energy inflation moderates. WPI inflation in food articles in November was 1.07 per cent against 8.33 per cent in the previous month. In the 'fuel and power' basket, inflation was 17.35 per cent last month. "Given fears of a global slowdown, this is not the time for aggressive consolidation. Sticking to small pre-announced steps on the path will minimise growth sacrifice, while moderating demand and the current account deficit, thus lowering the risk premium that keeps spreads high and raises the cost of government and private borrowing," she told PTI.

<https://www.financialexpress.com/economy/global-risks-persist-this-is-not-the-time-for-aggressive-fiscal-consolidation-says-mpc-member-ashima-goyal/2929538/>

Banking and Finance

Indian fintechs face a tough 2023 as investments cool, Bain says

India's \$50 billion fintech industry will face hurdles in the form of tougher regulatory scrutiny and tighter liquidity leading to higher cost of capital for some companies next year, Rakesh Pozhath, partner at consulting firm Bain & Company, said. Investors into the country's fintech space that has drawn heavyweights from Warren Buffett's Berkshire Hathaway Inc. to Masayoshi Son's SoftBank Group Corp., in the past few years, are getting more diligent as global financial conditions tighten. That has intensified the competition for capital, Pozhath said. "Investors are looking at bottomline and topline actual monetization numbers and not just growth numbers in terms of number of customers, value of loans disbursed," Pozhath, who has worked with global and Indian payment infrastructure providers, said. "No one is underwriting those metrics anymore." That could result in a higher cost of capital for smaller fintech firms next year, as they aim to become non-banking companies to continue lending to customers, he said.

<https://www.financialexpress.com/industry/indian-fintechs-face-a-tough-2023-as-investments-cool-bain-says/2928941/>

Centre to launch a Credit Card Scheme and Vyapar Credit Card for micro units

To improve credit access for MSMEs, the government is all set to lay out a Merchant Credit Card (MCC) Scheme for traders and a Vyapar Credit Card (VCC) for microunits, reported the Economic Times. The VCC is expected to offer an interest-free credit period of up to 50 days and around 85 per cent coverage under the Credit Guarantee Fund for Micro Units. Along the lines of Kisan Credit Card, MCC Scheme may also provide loans to merchants at a subsidised interest rate, the report added. "The MCC scheme will provide flexibility to the banks to align their product with their board-approved policies," stated the report citing a government official. The apex body for MSME licensing and regulation, Small Industries Development Bank of India (SIDBI) is working out the details for the VCC that will incentivise MSMEs to get registered on the Udyam Portal, the official added.

<https://www.financialexpress.com/industry/sme/msme-fin-centre-to-launch-a-credit-card-scheme-and-vyapar-credit-card-for-micro-units/2929342/>

Unregistered persons can claim tax refunds for cancelled contracts: FinMin

Unregistered persons can claim Goods and Services Tax refunds for cancelled contracts or premature termination of insurance policies by obtaining temporary registration on the GST portal, the finance ministry has said. The new functionality 'Refund for Unregistered person' has been made available on the GST portal and the unregistered person, who wants to file an application for a refund shall obtain a temporary registration on the common portal, using his Permanent Account Number (PAN).

https://www.business-standard.com/article/economy-policy/unregistered-persons-can-claim-tax-refunds-for-cancelled-contracts-finmin-122122801011_1.html

NBFCs turn to newer asset classes in quest for returns

Non-banking financial companies (NBFCs) have started realigning portfolio strategies for better risk-adjusted returns, with focus on unsecured loans and micro, small and medium enterprise (MSME) finance, anticipating a surge in their cost of funds amid rising interest rates and reduced competitiveness in traditional segments such as home and new vehicle loans due to intensifying competition from banks.

https://economictimes.indiatimes.com/industry/banking/finance/banking/nbfc-turn-to-newer-asset-classes-in-quest-for-returns/articleshow/96565725.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Industry

Appliances, consumer electronics sector aim for double-digit growth in 2023

Bolstered by premiumisation trends, pent-up demand and policy initiatives, the country's appliances and consumer electronics sector expects to continue on the double-digit growth trajectory in 2023, as companies seek to expand capacity and roll out new-age smart products. Learning the hard way in the wake of the global supply chain disruptions caused by the coronavirus pandemic and prolonged lockdown in China, leading companies in the sector are focusing on enhancing production capacity as well as domestic supply chain to reduce dependence on imported components.

https://www.business-standard.com/article/companies/appliances-consumer-electronics-sector-aim-for-double-digit-growth-in-2023-122122800312_1.html

Sugar industry MSME margins hit by flat product prices: CRISIL SME TRACKER

Recent developments in both domestic and world markets have impacted the Indian sugar industry, in which micro, small, and medium enterprises (MSMEs) dominate. While prices of sugarcane (the key raw material) have increased, the increase in price of sugar has not been commensurate. Globally, supply is expected to ease as output in Brazil and Thailand, both major producers, is likely to revive. Domestic sugar producers saw 14 per cent revenue growth in FY22, as a decrease in output from these countries after the sugar season (October-September) boosted demand for Indian produce and lifted its prices in world markets.

https://www.business-standard.com/article/sme/sugar-industry-msme-margins-hit-by-flat-product-prices-crisil-sme-tracker-122122800863_1.html

Amid global recession fears, IT firms may go slow on hiring in 2023: Report

Hiring in the information technology (IT) sector in 2023 is likely to grow by only 10 per cent, almost half of the rise seen this year, according to a report in *The Financial Express*. Fears of an impending global recession have forced the IT sector to go slow on hiring new employees. However, consultants in the human resources industry say that IT companies would go for replacement hiring as the attrition rate is expected to remain high. "Attrition will continue in the range of 15-20% for IT companies. We may not see expansion hirings but we will clearly see replacement hirings," Kamal Karanth, co-founder, Xpheno, a Bengaluru-based specialist staffing firm, told *FE*.

https://www.business-standard.com/article/companies/amid-global-recession-fears-it-firms-may-go-slow-on-hiring-in-2023-report-122122800402_1.html

Covid no deterrent for foreign tourist arrivals yet

Travel operators catering to inbound overseas tourists said in the absence of further curbs and going by incoming numbers, they expect the segment to reach about 40% of pre-Covid levels this fiscal year. They said while it's too early to assess the impact on incoming tourists from new guidelines such as mandatory RT-PCR tests for international passengers arriving from China, Thailand, Japan, South Korea, and Hong Kong, they hoped the case count would remain low and that the government would not expand these guidelines to include more countries.

https://economictimes.indiatimes.com/industry/services/travel/covid-no-deterrent-for-foreign-tourist-arrivals-yet/articleshow/96578468.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Agriculture

Basmati, non-basmati rice exports up 7.37 pc in Apr-Oct: Industry data

India's aromatic basmati and non-basmati rice exports rose 7.37 per cent to 126.97 lakh tonnes during the April-October period of the current fiscal, despite restrictions on the shipments, according to industry data. Exports stood at 118.25 lakh tonnes in the same period during the previous fiscal.

https://economictimes.indiatimes.com/news/economy/agriculture/basmati-non-basmati-rice-exports-up-7-37-pc-in-apr-oct-industry-data/articleshow/96571167.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Infrastructure

Housing sales up 50%, new supply doubles in top-8 cities in 2022: PropTiger

Surpassing the previous year's high, residential real estate sales in India grew 50 per cent year on year, while new launches were up 101 per cent, with a total of 431,510 new homes launched during calendar year 2022, shows a report by real estate brokerage PropTiger.com. New launches were also up six per cent over 2015 levels. According to the study, 308,940 units were sold in 2022 as against 205,940 units in 2021. The figures include sales across the top-8 cities in all the four quarters of each of the two calendar years. The top-8 cities were: Ahmedabad, Bengaluru, Chennai, Hyderabad, Kolkata, Delhi-NCR (Gurugram, Noida, Greater Noida, Ghaziabad and Faridabad), MMR (Mumbai, Navi Mumbai & Thane) and Pune.

https://www.business-standard.com/article/economy-policy/housing-sales-up-50-new-supply-by-101-in-top-8-cities-in-2022-report-122122800824_1.html

Net office market absorption at three-year high of 38 mn sq ft in 2022: JLL

The net absorption of office space in calendar year 2022 has surpassed the five-year pre-pandemic average (2015-2019) by 3.1 per cent, and is second only to the 2019 absorption number for the past 10 years, says a report by JLL. India's net office market absorption across the top-7 cities in 2022 was at a three-year high of 38.25 million sq ft. The top 7 cities were Mumbai, Delhi NCR, Bengaluru, Hyderabad, Chennai, Kolkata and Pune. However, the report added that net absorption was down 19 per cent at 7.99 million sq ft on a quarter-on-quarter (QoQ) basis. During the fourth quarter of 2022, Delhi NCR led with a 23.7 share of net absorption, with Hyderabad and Chennai showing strong year-end momentum to power ahead of even Mumbai and Bengaluru.

https://www.business-standard.com/article/economy-policy/india-s-office-market-net-absorption-at-3-yr-high-of-38-25-mn-sq-ft-jll-122122800756_1.html

9 airports operating under PPP model to log 50 per cent growth in revenue this fiscal: Report

Nine airports operating under the PPP model in the country are expected to log a 50 per cent growth in their aggregate revenue at Rs 9,650 crore this fiscal from Rs 6,450 crore in the last fiscal, a report said on Wednesday. The estimated growth in revenue, according to the credit rating agency CareEdge Ratings, will come on the back of an anticipated 70 per cent year-on-year surge in passenger traffic, which is likely to reach 93 per cent of pre-pandemic levels in the current financial year.

https://economictimes.indiatimes.com/industry/transportation/airlines/-aviation/9-airports-operating-under-ppp-model-to-log-50-per-cent-growth-in-revenue-this-fiscal-report/articleshow/96573748.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Housing Minister releases guidelines for new ranking system of cities

Union Minister of Housing and Urban Affairs Hardeep Singh Puri, on Wednesday, launched the draft guidelines for a new ranking system of cities based on financial performance and beautification. "City Finance Rankings 2022 aims to evaluate, recognise and reward urban local bodies on the basis of their strength across financial parameters that include resource mobilisation, expenditure performance and fiscal governance systems," Hardeep Singh Puri, Union Minister of Housing & Urban Affairs and Petroleum & Natural Gas, said. According to the Minister, the 'City Beauty Competition' initiative, has been launched to encourage and recognise transformational efforts made by the cities and wards in the country towards creating beautiful, innovative and inclusive public spaces.

<https://www.thehindubusinessline.com/news/housing-minister-releases-guidelines-for-new-ranking-system-of-cities/article66314380.ece>

Energy

Coal ministry identifies 4 coking coal blocks for auction to pvt sector

The Coal Ministry has identified four coking coal mines to be offered in subsequent rounds of auction for the private sector to further increase domestic raw coking coal supply, an official release said on Wednesday. The Central Mine Planning and Design Institute (CMPDI) also will finalise Geological Report (GR) for four to six new coking coal blocks in the coming months, the ministry said in a release. "In order to further step up coking coal production, the Ministry of Coal has identified four coking coal blocks and the Central Mine Planning and Design Institute (CMPDI) also will finalize Geological Report (GR) for 4 to 6 new coking coal blocks in the coming months," it stated.

https://www.business-standard.com/article/economy-policy/coal-ministry-identifies-4-coking-coal-blocks-for-auction-to-pvt-sector-122122801026_1.html

Telecom

Trai suggests allotting 700 MHz band for NCR transport body

The telecom sector regulator has recommended that 5 MHz of 5G airwaves in the coveted 700 MHz band be assigned to National Capital Region Transport Corporation (NCRTC) via the administrative route for use in regional rapid transit system (RRTS) corridors along railway tracks.

https://economictimes.indiatimes.com/industry/telecom/telecom-news/trai-suggests-allotting-700-mhz-band-for-ncr-transport-body/articleshow/96572172.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

States

Odisha govt announces a new MSME Development Policy 2022, prioritises MSEs in industrial backward areas

Odisha Government under its new MSME Development Policy has extended Capital Investment Subsidy (CIS) to new and existing MSEs, who are expanding, modernising and diversifying (E/M/D) their business by making at least 25 per cent of their capital investment in plant and machinery, to Rs 2 crore from the earlier upper limit of Rs 1 crore. The new MSME Development Policy was approved by the cabinet presided by Chief Minister Naveen Patnaik. It will replace the existing Odisha MSME Development Policy, 2016. The upper limit of CIS for new and existing enterprises owned by SC (Scheduled Caste), ST (Scheduled Tribe), persons with disabilities, women and technical (Degree/Diploma) entrepreneurs also increased to Rs 2.50 crores from Rs 1.25 crores.

<https://www.financialexpress.com/industry/sme/msme-eodb-odisha-govt-announces-a-new-msme-development-policy-2022-prioritises-mses-in-industrial-backward-areas/2929805/>

External

FDI inflow tilted in favour of services despite manufacturing push: India Ratings

India Ratings and Research on Wednesday said that foreign direct investment (FDI) inflows into India are tilted towards services despite the government's effort to attract more investments in the manufacturing sector through Make in India campaign.

https://economictimes.indiatimes.com/news/economy/finance/fdi-inflow-tilted-in-favour-of-services-despite-manufacturing-push-india-ratings/articleshow/96576058.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Trade agreements with Australia, UAE to help boost exports: Export councils

Various export promotion councils (EPCs) on Wednesday lauded the trade agreements signed by India with the UAE and Australia, saying the pacts will help the country in boosting exports by granting preferential access to those markets for Indian products. Engineering Exports Promotion Council (EEPC) said that the country has benefited from preferential market access provided by the UAE on over 97 per cent of its tariff lines which account for 99 per cent of Indian exports to the region in value terms. Eastern regional chairman of EEPC, B D Agarwal, said at an interactive session here that this trend has emerged after signing of the India–UAE Comprehensive Economic Partnership Agreement (CEPA) which became effective from May one, 2022.

<https://www.financialexpress.com/economy/trade-agreements-with-australia-uae-to-help-boost-exports-export-councils/2929655/>

Basmati, non-basmati rice exports up 7.37 per cent in April-October: Industry data

India's aromatic basmati and non-basmati rice exports rose 7.37 per cent to 126.97 lakh tonnes during the April-October period of the current fiscal, despite restrictions on the shipments, according to industry data. Exports stood at 118.25 lakh tonnes in the same period during the previous fiscal. "Despite curbs on exports of some varieties of rice, the overall exports remained strong so far," said Vijay Sethia, former president at All India Exporters Association. Out of total exports, basmati rice exports rose to 24.97 lakh tonnes during the April-October period of the 2022-23 fiscal, from 21.59 lakh tonnes in the year-ago period, he told PTI.

<https://www.financialexpress.com/industry/basmati-non-basmati-rice-exports-up-7-37-per-cent-in-april-october-industry-data/2929692/>

149 sugar mills exchange 20% of export quota

As many as 149 sugar mills, mostly from Uttar Pradesh and Bihar, have exchanged their sugar quota of over 12 lakh tonnes (lt), until December 26 as just one week left before the window closes on January 4.

<https://www.thehindubusinessline.com/economy/agri-business/149-sugar-mills-exchange-20-of-export-quota/article66314155.ece>

Steel imports from Russia jump over 400% in Apr-Nov period

Russian steel exports to India rose by 468 per cent between April and November this year, the highest in recent times. Shipments coming into India stood at 218,000 tonnes for the eight month period under review at \$253 million; while for the same period last year, Russia exported just 38,400 tonnes and valued at \$61 million. Cheaper offerings, distress selling by mills and a fall in international steel prices, have been major causes of rising imports from Russia and some other key markets like China, Korea and others, a concern that some of the larger steel mills of India have raised over the last few months.

<https://www.thehindubusinessline.com/markets/commodities/steel-imports-from-russia-jump-over-400-in-apr-nov-period/article66314050.ece>