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Economy

Govt studying feasibility of setting up industrial parks for space tech

India may offer incentives and dedicated land parcels for building space gear. The government is exploring setting up dedicated industrial areas for manufacturing and developing space technology (space-tech).

https://www.business-standard.com/article/economy-policy/centre-studying-feasibility-of-setting-up-dedicated-space-parks-123010300908_1.html

India aims for \$17 bn cut in food, fertiliser subsidies in 2023-24: Report

India aims to cut spending on food and fertiliser subsidies to 3.7 trillion rupees (\$44.6 billion) in the fiscal year from April, down 26% from this year, two government officials said, to rein in a fiscal deficit that ballooned during the COVID-19 pandemic. Food and fertiliser subsidies alone account for about one-eighth of India's total budget spending of 39.45 trillion rupees this fiscal year, but reductions in food subsidies in particular may prove politically sensitive with elections looming on the horizon. The government expects to budget around 2.3 trillion rupees for food subsidies in the coming fiscal year, compared with 2.7 trillion rupees for the current year to March 31, the two officials said.

https://www.business-standard.com/article/economy-policy/india-aims-for-17-bn-cut-in-food-fertiliser-subsidies-in-2023-24-report-123010300753_1.html

Banking and Finance

Ease of sale: Exemption for PSUs from minimum public float norm to continue

In an effort to facilitate strategic disinvestment, Finance Ministry has said a listed public sector undertaking will continue to be exempt from Minimum Public Shareholding (MPS) norm for a 'specified period', even after change of control. Norms say a listed company is required to maintain minimum public shareholding of 25 per cent. The Ministry has notified changes in Securities Contracts (Regulation) Rules, 1957 or SCRA dated January 2. According to the amendments, the Central Government may exempt a PSU from various provisions of rule 19A in public interest. These provisions prescribe achieving and maintaining public shareholding for a listed company. As on March 31, 2022, the number of listed CPSEs is 62.

<https://www.thehindubusinessline.com/economy/centre-exempts-psus-from-minimum-public-shareholding-norms/article66333727.ece>

FinMin may shift tax liability on share buyback to shareholders in Budget

In the upcoming Budget, the finance ministry may shift the tax liability on the buyback of shares from companies to individual shareholders who participate in the process, a report in the *Financial Express (FE)* on Tuesday said. The shift will bring the taxation of share buybacks on the same page as the dividend income. It will also remove the double taxation on buyback proceeds. According to *FE*, the proposals were made by several market participants and it was also mentioned by the Securities and Exchange Board of India (SEBI) in its recent consultation paper.

https://www.business-standard.com/article/economy-policy/finmin-may-shift-tax-liability-on-share-buyback-to-shareholders-in-budget-123010300394_1.html

Surge in credit to NBFCs takes service sector loans past those to industry

Higher credit offtake by non-banking finance companies (NBFCs) has seen credit to the service sector surpassing the quantum of loans from banks to the industrial sector, shows Reserve Bank of India's latest sectoral deployment data for November 2022. According to the latest data, as of November 18, outstanding loans to the services sector amounted to Rs 33.15 trillion while those to industry stood at Rs 32.94 trillion. On a year-on-year (YoY) basis, the credit to services sector grew by 21.3 per cent in November 2022 as compared with 3.2 per cent a year ago. Similarly, credit growth to industry accelerated to 13.1 per cent YoY last November from 3.4 per cent in November 2021.

https://www.business-standard.com/article/finance/surge-in-credit-to-nbfc-takes-service-sector-loans-past-those-to-industry-123010300625_1.html

PSBs to set up joint digital platform to connect with fintech companies

Public sector lenders including the State Bank of India will jointly set up a unified cloud-based digital platform to connect with fintech companies and source loans through them on a revenue-sharing basis, said people with knowledge of the matter. Under the model, fintech companies will conduct all preliminary credit checks through a third-party application platform interface (API) and account aggregators. They will then upload the completed loan application onto this digital platform. Individual banks can access these loan requests and fund them based on their internal credit risk parameters, sharing a commission or fee with the originating fintech company.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/psbs-to-set-up-joint-digital-platform-to-connect-with-fintech-companies/articleshow/96719680.cms>

Outstanding microfinance loan portfolio to rise 20.3% in FY23: MFIN

Outstanding loan portfolio of the micro-finance institution (MFI) sector across India will increase around 20.3 per cent at Rs 3.25 lakh crore in 2022-23 compared to the previous fiscal, said the MFIN, a self-regulatory organisation (SRO) recognised by RBI. During the last fiscal, the total outstanding of the MFI sector was Rs 2.7 lakh crore, and the sector had created around 1.32 crore jobs in the country since 2000, Micro-Finance Institution Network (MFIN) CEO Alok Misra said on Tuesday. "The MFI sector's outstanding for the current fiscal will be around Rs 3.25 lakh crore. There will be a 20.3 per cent rise over the previous fiscal year," Misra told reporters here on Tuesday.

https://www.business-standard.com/article/finance/outstanding-microfinance-loan-portfolio-to-rise-20-3-in-fy23-mfin-123010300833_1.html

Industry

Norms for sustainable packaging soon

The department of consumer affairs is soon going to come up with standards on sustainable packaging, where companies will have to adhere to certain norms before they claim their packaging is sustainable, said a senior official from the government. "We are working on a comprehensive set of standards defining sustainable packaging," said the officer, before companies make such a claim, they will have to comply with the new rules. The standards will have specifications about what kind of material including, plastic, paper, board, pulp metal and glass can be used in packaging claimed as sustainable. The Bureau of Indian Standards (BIS) will set the standards and they are expected to be published soon. The proposed standards will help India in achieve its commitment towards the environment on global platforms and its net-zero ambition, the official said.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/packaging/norms-for-sustainable-packaging-soon/articleshow/96720065.cms>

Top carmakers post double-digit export growth with Maruti at the wheel

Notwithstanding global headwinds, passenger vehicle (PV) exports from India grew at a fast clip in Calendar 2022 (CY22), led primarily by a 28 per cent growth in exports by the country's largest PV maker — Maruti Suzuki India (MSIL) — during the year. According to the Society of Indian Automobile Manufacturers (SIAM) data, the overall PV exports clocked 11 per cent growth during the first 11 months of 2022, to 535,352 units. The December export data is yet to be released by the automotive industry body. MSIL beat its Korean rival Hyundai Motor India (HMIL) in exports in 2021-22 and managed to maintain momentum. HMIL, too, saw strong growth of 13.7 per cent in exports in CY22, to 148,300 units, up from 130,380 units in 2021, reveals data. MSIL, on the other hand, exported 263,068

units in CY22, up from 205,450 units in Calendar 2021. MSIL's exports grew threefold, stacked up against Calendar 2020 (85,208 units) and more than twofold versus the pre-pandemic year of 2019 (107,190 units).

https://www.business-standard.com/article/companies/pv-exports-from-india-grow-in-2022-riding-on-maruti-suzuki-india-123010300909_1.html

What small businesses want from FM Sitharaman to address delayed payment issue

Ahead of the upcoming union budget 2023, small business experts have suggested measures for the government to address the delayed payment issue faced by MSMEs in the country. While the government had acted on it in the past, uncleared payments have remained a perennial issue for small businesses. In 2022, 31,192 complaints involving Rs 7,128 crore were registered by micro and small enterprises against central public sector units and departments, of which only 1,056 applications involving dues worth Rs 71 crore were disposed by the dispute settlement units called facilitation councils. According to the micro and small enterprise representative body Laghu Udyog Bharati (LUB), levying strict monetary penalties can be looked at in the upcoming budget by the government to push buyers for on-time payments.

<https://www.financialexpress.com/industry/sme/msme-fin-budget-2023-what-small-businesses-want-from-fm-sitharaman-to-address-delayed-payment-issue/2935221/>

Agriculture

India's Oct-Dec sugar output up 3.69% at 12.07 million tonnes: ISMA

The country's sugar production rose 3.69 per cent to 12.07 million tonnes in the October-December quarter of the ongoing marketing year, according to the industry body ISMA. Sugar production in India, one of the world's major producers of the sweetener, stood at 11.64 million tonnes in the same period of the previous marketing year. Sugar marketing year runs from October to September. According to the Indian Sugar Mills Association (ISMA), about 509 mills were operating as against 500 mills in the said period.

https://www.business-standard.com/article/economy-policy/india-s-oct-dec-sugar-output-up-3-69-at-12-07-million-tonnes-isma-123010300378_1.html

Infrastructure

India, ADB sign \$1.2 billion loan agreements for infrastructure projects

The Indian government and the Asian Development Bank (ADB) on Tuesday signed loan agreements totalling \$1.22 billion for developing infrastructure in various Indian states, a statement from the finance ministry said. The agreements would cover projects for improving the power sector and highways in the northeastern states of Tripura and Assam, metro rail connectivity in the southern city of Chennai, and improvement of key economic areas in the western state of Maharashtra, the statement added.

<https://economictimes.indiatimes.com/news/economy/infrastructure/india-adb-sign-1-2-billion-loan-agreements-for-infrastructure-projects/articleshow/96717316.cms>

Icra revises upwards road logistics sector growth forecast to 11-13%

Rating agency Icra on Tuesday revised its growth estimates for the Indian road logistics sector to 11-13 per cent for the current fiscal against the previous estimate of 7-9 per cent. The rating agency said the growth is supported by a strong demand environment, coupled with the continuation of firm freight rates, also supported by the base effect to an extent, given that FY22 had a weak first quarter due to the second wave of COVID-19.

https://www.business-standard.com/article/economy-policy/icra-revises-upwards-road-logistics-sector-growth-forecast-to-11-13-123010300842_1.html

Leasing of industrial, warehousing space up 6% across tier I-III cities

Industrial and warehousing space leasing rose 6 per cent to 46.3 million square feet last year across major cities of India, according to Savills India. In its latest report, property consultant Savills India said that the leasing of industrial and warehousing space rose 3 per cent in 2022 across eight major tier-I cities to 36.2 million square feet from 35.1 million square feet. The absorption of space in tier II-III cities increased to 10.1 million square feet in 2022 from 8.6

million square feet in the previous year. The Tier II and III cities include Coimbatore, Guwahati, Indore, Nagpur, Lucknow, Jaipur, Rajpura, Bhubaneswar, Kochi/Ernakulam, Patna, Hosur, Madurai, Varanasi, Hubli and Ludhiana.
https://www.business-standard.com/article/companies/leasing-of-industrial-warehousing-space-up-6-across-tier-i-iii-cities-123010300629_1.html

Housing demand rises 19% in December quarter across India, avg property prices up 13.9%

The Indian residential market demonstrated resilience and overall growth in the year 2022. The aggregate residential demand, indicated by searches, increased 19% from year ago led by major cities such as Mumbai with 52.1% rise, Noida 35.8%, Gurgaon 34.5%, Delhi 14.8% and Bengaluru with 33% growth, showed the Magicbricks' PropIndex report for the December quarter. The average property rates increased 13.9% from a year ago and the cumulative supply, indicated by listing, grew 2.7%. The highest increase in average rates were witnessed in Noida 13.7%, Greater Noida 12.3%, Hyderabad 11.7% and Thane 8.1% from a year ago.

<https://economictimes.indiatimes.com/industry/services/property/-/cstruction/housing-demand-rises-19-in-december-quarter-across-india-avg-property-prices-up-13-9/articleshow/96719723.cms>

Energy

Govt to create central pool for RE power for distribution at uniform tariff

In an effort to further ease procurement of renewable energy (RE), the government has mandated creation of a central pool of RE sources from which an intermediary company will procure electricity and supply to an entity involved in distribution and retail supply of power to states at uniform tariff. This is part of the Electricity (Amendment) Rules, 2022, which were notified last week by the Power Ministry. Under the norms, the central pool will be a repository of power from Inter State Transmission System (ISTS) connected RE sources such as solar, wind, hydro, biomass, biofuel and biogas. An intermediary procurer, which is an entity between the end procurer with the renewable energy company, will purchase electricity from generating companies and resell it to the end procurer, which is a company with a license to undertake distribution and retail supply of power. The intermediary procurer will supply power to the end procurer at a uniform RE tariff that will be calculated by an implementing agency separately on a monthly basis for each category in the central pool. For instance, there will be separate pools for RE sources such as solar power central pool and wind power central pool.

<https://www.thehindubusinessline.com/companies/govt-to-create-central-pool-for-re-power-with-uniform-tariffs/article66334312.ece>

India's coal production rises 16 pc to 608 MT in Apr-Dec period: Govt

The country's coal output went up by 16.39 per cent to 607.97 million tonnes (MT) during the April-December period of the ongoing fiscal. India's coal production was 522.34 MT in the corresponding period of previous fiscal. The coal production by state-owned Coal India — which accounts for over 80 per cent of domestic output of the fossil fuel — was at 479.05 MT in the April-December period, registering a rise of 15.82 per cent, the coal ministry said in a statement. The ministry has paved the way for releasing additional coal in the market by greater utilisation of mining capacities of captive coal blocks which has led to increase in production of coal by captive and other companies by 31.38 per cent to 81.70 MT during the period under review as compared to 62.19 MT in 2021.

<https://www.financialexpress.com/industry/indias-coal-production-rises-16-pc-to-608-mt-in-apr-dec-period-govt/2935364/>

NTPC starts India's first green hydrogen blending operation in PNG network

State-owned power giant NTPC on Tuesday said it has started India's first green hydrogen blending operation in the PNG (piped natural gas) network of its township in Kawas, Surat. "The project is a joint effort of NTPC and Gujarat Gas Limited (GGL). The first molecule of green hydrogen from the project was set in motion by P Ram Prasad, Head of Project, Kawas, in presence of other senior executives of NTPC Kawas and GGL," a company statement said.

https://www.business-standard.com/article/economy-policy/ntpc-starts-india-s-first-green-hydrogen-blending-operation-in-png-network-123010300821_1.html

States

EV industry in Tamil Nadu in limbo as State govt silent on extension of road tax exemption

At a time when India's electric vehicle (EV) industry starts the new year with an optimism, it is a different scenario in Tamil Nadu. The government's absence of communication on the extension of sops for EVs is causing uncertainty and is affecting the sales of battery-powered vehicles in the state. To boost demand for EVs, the Tamil Nadu government provided 100 per cent exemption on road tax for the vehicles registered in the State. However, the State government is silent on the extension of sops for EVs even as the exemption period ended on December 31, 2022. There is a concern that electric cars will be 10-15 per cent more expensive if the State government do not extend the incentive. "The recent hike in power tariffs for charging stations and the absence of communication on the extension of road tax exemption for EVs are creating uncertainty in the EV industry and could derail the EV adoption in the State," said KP Karthikeyan, CEO & Co-Founder, Zeon Electric Pvt Ltd, which currently operates more than 70 charging stations in south India with about 10,000 registered customers. Though other States have started their EV journeys much earlier, Tamil Nadu has seen some acceleration recently.

<https://www.thehindubusinessline.com/companies/ev-industry-in-tamil-nadu-in-limbo-as-state-govt-silent-on-extension-of-road-tax-exemption/article66334022.ece>

External

Indian exports will be moderately impacted by weak global demand in 2023: GTRI

The Indian economy and exports will be moderately impacted in 2023 by weak global demand and recession in large economies and to improve its current account, the country should aim at reducing energy import bill, economic think tank GTRI said on Tuesday. The Global Trade Research Initiative (GTRI) said that in 2022, India will pay USD 270 billion in imports of crude oil and coal, which is about 40 per cent of total merchandise import bill. "India must re-energize exploration of local oil fields and enhance production through coal mines. Any development will cut the energy import bill substantially and improve the current account," it added. It also said the US effort to create alternate supply chains excluding China is gradually leading to restructuring of global supply chains and relocation of few large manufacturing firms shows that India is in a good position to benefit from this trend.

<https://www.financialexpress.com/economy/indian-exports-will-be-moderately-impacted-by-weak-global-demand-in-2023-gtri/2935122/>

Govt starts probe into circuit board dumping by China, Hong Kong

The commerce department has initiated investigation into dumping allegations on imports of certain printed circuit boards (PCBs) originating from China and Hong Kong. The Directorate General of Trade Remedies (DGTR), part of the Commerce and Industry Ministry, in a notification on Tuesday said the Indian Printed Circuit Association (IPCA) had alleged material injury to the domestic PCB industry owing to the dumping of these electronic goods and sought the imposition of anti-dumping duty on such imports from the two jurisdictions.

https://www.business-standard.com/article/economy-policy/govt-initiates-investigation-into-pcb-dumping-by-china-and-hong-kong-123010300970_1.html

New scheme to manufacture machinery for trimmings in works, says Industry Minister Goyal

Commerce and industry minister Piyush Goyal on Tuesday asked industry to use the revenue department's Manufacture and Other Operations under Warehouse Rules (MOOWR) scheme to duty-free import products for the purpose of re-export as it is a "pretty practical, neat, simple solution to the problem that sometimes small exporters particularly face". At an export award event, he also said the government is trying to devise a new scheme to support domestic manufacturing of machinery to produce trimmings, embellishments and other accessories. Goyal said that the MOOWR scheme will make business more competitive in the exports market as exporters won't be required to have an advance authorization or license for every single product that they import for the purpose of re-export.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/new-scheme-to-manufacture-machinery-for-trimmings-in-works-says-industry-minister-goyal/articleshow/96718372.cms>

Indian sugar exporters almost exhaust shipments quota

Indian sugar exporters have almost exhausted the 6 million tonnes (mt) export quota allocated by the Centre for the current sugar season (October 2022-September 2023), striking to sell nearly 5.5 mt by December 31. "Deals to export 5.3 mt to 5.5 mt have been signed for sugar. Only a small quantity is left now for shipments," said Rahil Shaikh,

Managing Director, MEIR Commodities India Pvt Ltd. “The 6 mt export quota has almost been sold. The Centre may have to come up with a second tranche of allocation to allow additional volume,” said Praful Vithalani, Chairman, All India Sugar Traders Association (AISTA).

<https://www.thehindubusinessline.com/economy/agri-business/indian-sugar-export-quota-almost-exhausted-for-this-season/article66334430.ece>