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Economy

Job creation grows, services PMI rises at fastest pace in 6 months in December led by robust demand

India's services PMI for December showed an improvement with a quicker upturn in new business, according to S&P Global. The services industry saw activity increase at the fastest pace in six months during December 2022 amid robust demand. More jobs were created and companies remained strongly upbeat towards year end outlook. This was despite the sharp rise in companies' expenditures. S&P Global India Services PMI Business Activity Index rose from 56.4 in November to 58.5 in December. This shows the strongest rate of expansion since mid-2022. "As we head into 2023, companies signalled strong optimism towards the outlook for output," said Pollyanna De Lima, economics associate director at S&P Global Market Intelligence.

<https://www.financialexpress.com/economy/india-economic-growth-news-services-pmi-fastest-in-6-months-more-jobs-created-in-december/2936135/>

India Inc likely to get cautious in hiring during January-March quarter

India's job market is likely to see a significant cooling off in the January-March quarter, as companies adopt a cautious approach to hiring in the upcoming months, a survey of 3,000-plus employers has revealed. About 48% of Indian employers covered in the latest ManpowerGroup Employment Outlook Survey, shared exclusively with ET, said they will hire more people in the March quarter, 16% expect a decrease in hiring intent and 34% expected to keep workforce levels steady. Only 2% were unsure about hiring intentions. This puts net employment outlook-the difference between companies looking to hire and those expecting a fall in headcount or hiring numbers-at 32%, weakening by 22 percentage points compared to the last quarter and 17 percentage points compared to the corresponding period a year ago. "Employers are cautious due to the impending recession and deepening global slowdown, which also created a stir in the IT sector during the previous quarter," said Sandeep Gulati, managing director, ManpowerGroup India.

<https://economictimes.indiatimes.com/jobs/india-inc-likely-to-get-cautious-in-hiring-during-january-march-quarter/articleshow/96745929.cms>

In 2047, India's GDP will be approaching close to \$20 trn: Bibek Debroy

India, in 2047, will have a per capita income of \$10,000, in the value of today's dollars, the average size of the GDP will be approaching close to \$20 trillion and hence, will be a "transformed society", Dr Bibek Debroy, Chairman, Economic Advisory Council to the Prime Minister, said on Wednesday. Virtually addressing the inaugural session at the 57th Annual Conference of the Indian Econometric Society (TIES) held at the University of Hyderabad, he said that basic necessities have been provided to the people and more so in the rural areas by the government.

https://www.business-standard.com/article/economy-policy/in-2047-india-s-gdp-will-be-approaching-20-trillion-bibek-debroy-123010400873_1.html

Banking and Finance

Issues related to cards, mobile, net banking top complaint areas at banking ombudsman: RBI

Issues related to ATM/debit cards and mobile/electronic banking were the top grounds of complaints received at the Office of Banking Ombudsman (OBO) during April 1 to November 11, 2021, an RBI report said on Wednesday. The volume of complaints received under the Ombudsman Schemes/Consumer Education and Protection Cells during 2021-22 increased by 9.39 per cent over the previous year and stood at 4,18,184, it said. Of these, 3,04,496 complaints were handled by the 22 Offices of RBI Ombudsman (ORBIOs), including the complaints received under the three erstwhile Ombudsman Schemes till November 11, 2021. Complaints related to ATM/ debit cards were the highest at 14.65 per cent of the total, followed by mobile/ electronic banking at 13.64 per cent. Around 90 per cent of the total complaints were received through digital modes, including on the online Complaint Management System (CMS) portal, email, and Centralised Public Grievance Redress and Monitoring System (CPGRAMS). Majority 66.11 per cent of the maintainable complaints were resolved through mutual settlement/conciliation/mediation, it said.
<https://www.financialexpress.com/industry/banking-finance/issues-related-to-cards-mobile-net-banking-top-complaint-areas-at-banking-ombudsman-rbi/2936800/>

Merchant credit card for MSME traders soon

The government will likely roll out a merchant credit card (MCC) facility for traders in the micro, small and medium enterprises (MSME) category this year to help these units tide over short-term liquidity woes. It is being designed along the lines of the Kisan Credit Card and will likely offer incentives such as short-term, collateral-free loans up to a limit at a cheaper rate to these units, official sources told FE. However, a plan to launch a digital “UPI-linked credit card” for MSMEs, designed by the state-run Small Industries Development Bank of India (Sidbi), could be delayed, as it requires broader inter-ministerial consultations, the sources said. Moreover, the idea of firming up a common set of guidelines for the two cards — MCC and Vyapar Credit Card (VCC) — with common objectives has also been put off, they added.
<https://www.financialexpress.com/industry/sme/merchant-credit-card-for-msme-traders-soon/2936980/>

MFs’ AUM grows 5.4% in CY22, SBI MF widens lead

The average assets under management (AUM) for the domestic mutual fund (MF) industry grew 5.4% year-on-year to Rs 40.2 trillion for the quarter ended December, according to the latest data by the Association of Mutual Funds in India. The growth in assets was primarily due to incremental flows into equity schemes, driven by monthly systematic investment plans of Rs 12,000-13,000 crore.
<https://www.financialexpress.com/money/mutual-funds/mfs-aum-grows-5-4-in-cy22-sbi-mf-widens-lead/2936972/>

Industry

Growth of small car sales set to touch a 5-year high in FY23

Small-car sales are projected to rise by a fifth for the first time in nearly five years, indicating a revival in India's entry-level consumer demand that was hit the hardest by the pandemic-spawned economic disruptions and income losses. Healthy GDP growth, an increase in income levels, coupled with introduction of new models, such as Maruti Suzuki Alto K10 and Tata Tiago EV, will likely boost sales of hatchbacks, Indian industry executives said, with 1.37 million units estimated to be sold in the segment by March 31. As many as 994,000 hatchbacks were sold in the country between April and December, 2022.
<https://economictimes.indiatimes.com/industry/auto/cars-uvs/growth-of-small-car-sales-set-to-touch-a-5-year-high-in-fy23/articleshow/96746420.cms>

Emissions may cost car companies up to ₹5,800 cr

Carmakers in India could end up forking out cumulative fines in the range of ₹3,600 crore to ₹5,800 crore if they fail to meet the government-prescribed fuel economy standards under the CAFE II (Corporate Average Fuel Economy) norms by April 1, 2023. Under CAFE, penalties will be imposed on a manufacturer's entire fleet. Except for a handful of companies such as Maruti Suzuki India, Tata Motors and MG Motor, all other carmakers stand the risk of facing penalties, said analysts and auto industry executives aware of the matter. Prima facie, their actual CAFE score is likely to exceed the targeted score, they said.
<https://economictimes.indiatimes.com/industry/auto/auto-news/emissions-may-cost-car-companies-up-to-5800-cr/articleshow/96749719.cms>

Electronics companies fear parts shortage

Consumer electronics and mobile phone manufacturers said there's high possibility of a product supply shortage in the country during the March-May period if the Covid wave in China continues beyond the Chinese New Year holiday later this month. Already, Chinese suppliers aren't assuring delivery timelines for orders placed in the past few weeks due to Covid infections among employees, multiple executives said. Several companies in India are trying to advance orders fearing disruption but suppliers are noncommittal with anywhere between 30% and 50% of their factory workforce down with Covid, the executives said. Chinese New Year is on January 22 with companies and factories shut for 10-14 days during the holiday period. "If the Covid surge continues beyond the Chinese New Year as it is feared, there will be a massive shortage of components impacting availability of products like smartphones or electronics in March-May," said Pradeep Jain, managing director of Jaina Group, which manufactures smartphones and electronics for several companies besides retailing its own Karbonn brand.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/electronics-companies-fear-parts-shortage/articleshow/96746396.cms>

Textiles PLI 2.0 may allow flexibility on mandate to form new company

The second edition of the production linked incentive (PLI) scheme for textiles may allow some relaxations on the mandatory requirement for applicants to form a new company for production and investments under the programme, sources have said. However, the Textiles Ministry is unlikely to allow any flexibilities under the first edition of the PLI scheme, already under implementation, despite some applicants arguing that setting up a new company would increase their operating costs, a source told businessline. "There are a couple of applicants, amongst those who received their initial approval for the scheme, who expressed their unwillingness to set up a new company as they already have operations in the country. Their arguments were looked into, but the government is not ready to make changes to the existing scheme in the first phase," the source said.

<https://www.thehindubusinessline.com/economy/textiles-pli-20-may-allow-flexibility-on-mandate-to-form-new-company/article66338776.ece>

Tech companies continue slashing jobs amid uncertain 2023 economy

Layoffs that began in 2022 are accelerating across some technology companies. The tech industry is slashing jobs at a pace nearing the early days of the Covid-19 pandemic. In November, the most recent month for which data is available, the sector announced 52,771 cuts, for a total of 80,978 this year, according to consulting firm Challenger, Gray & Christmas Inc. It was the highest monthly total for the industry since the firm started keeping data in 2000. After a bumpy start to the pandemic in 2020, tech companies benefited from a boom in e-commerce spending and remote work boomed, triggering a hiring spree. Now, things look different. In recent earnings reports, Alphabet Inc., Meta Platforms Inc., Microsoft Corp. and others missed estimates, sending shares plunging. For Amazon.com Inc. and Salesforce Inc., the outlook seems to be worsening as they pursue deeper layoffs at the start of 2023. Other companies are reckoning with volatile cryptocurrency markets or a sudden slump in demand.

https://www.business-standard.com/article/international/tech-companies-keep-slashing-jobs-in-uncertain-2023-economy-123010500123_1.html

Global macro headwinds may moderate growth for Indian IT industry: Icra

The evolving global macroeconomic headwinds could moderate growth for Indian IT services industry over the medium term, ICRA said on Wednesday. Rating agency ICRA, in its recent research report, has cited that given the Indian IT services industry generates about 60-65 per cent of revenues from the US market and 20-25 per cent from the European market, it remains susceptible to macroeconomic uncertainties and adverse regulatory changes in these key operating markets. Deepak Jotwani, Assistant Vice President and Sector Head of ICRA, said: "Growth in the BFSI (Banking, Financial Services and Insurance) segment, one of the key segments for IT companies, has tapered more than other segments in recent quarters, and this is partially attributable to lower lending activity".

https://www.business-standard.com/article/companies/global-macro-headwinds-may-moderate-growth-for-indian-it-industry-icra-123010401092_1.html

Indian tyre industry to scale turnover of Rs 1 trn in next 3 years: ATMA

The Indian tyre industry will be able to scale a turnover of Rs 1 lakh crore in the next three years on the back of new capacities available, Automotive Tyre Manufacturers Association said on Wednesday. The industry has completed investment of Rs 35,000 crore in the last three years in new capacity creation and debottlenecking. "The new capacities will go on stream over the next couple of years to meet the growing demand in an economy that is poised to remain as the fastest growing for the next few years," Automotive Tyre Manufacturers Association (ATMA) said in a statement.

https://www.business-standard.com/article/companies/indian-tyre-industry-to-scale-turnover-of-rs-1-trn-in-next-3-years-atma-123010400859_1.html

98% of e-commerce companies looking forward to hiring in Q4FY23: TeamLease

Hiring in the e-commerce sector will witness a sharp uptick in Q4FY23 (January-March quarter) not just for blue- and white-collar workers, but for apprentices as well, according to employment portal TeamLease Services.

https://www.business-standard.com/article/companies/98-of-e-commerce-employers-keen-on-hiring-in-q4-fy23-teamlease-123010400835_1.html

Agriculture

Govt's paddy procurement rises 10 pc to 541.90 lakh tonne so far

The government's paddy procurement for the central pool rose 9.58 per cent to 541.90 lakh tonne so far in the ongoing 2022-23 kharif marketing season, according to the food ministry data. Punjab, Chhattisgarh, Haryana and Telangana were the top contributors to the central pool. Normally, paddy procurement begins from October. However, in southern states, especially in Kerala and Tamil Nadu, it begins from September. The government aims to procure 775.72 lakh tonne of paddy in the 2022-23 kharif marketing season (October-September).

<https://www.financialexpress.com/economy/govts-paddy-procurement-rises-10-pc-to-541-90-lakh-tonne-so-far/2936468/>

National fertilisers policy in works to boost local manufacturing

The government is working on a national policy to boost local manufacturing of fertilisers and reduce dependency on imports. The roadmap of the scheme is likely to be announced during the upcoming budget and it will consist of special incentives to set up fertiliser units and reduced import duty on raw materials with a focus on organic fertilisers, people aware of the discussions said. "Work is in progress over a draft national fertiliser policy and the budget may provide a roadmap regarding this," an official told ET. A duty reduction on imported phosphoric acid and ammonia to improve the competitiveness of the domestic fertiliser manufacturers has been a long-pending demand of the industry. This was one of the suggestions during the pre-budget meeting of the finance ministers with representatives from the agri sector and agriculture economists.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/chem/-/fertilisers/national-fertilisers-policy-in-works-to-boost-local-manufacturing/articleshow/96745932.cms>

Energy

Cabinet approves Rs 19,744 crore for National Green Hydrogen Mission

The Union Cabinet on Wednesday approved provisions of National Green Hydrogen Mission, said union minister Anurag Thakur while addressing media. The government has sanctioned Rs 19,744 crore for implementation of the project. Thakur informed that Rs 17,490 crore, out of the sanctioned amount, will be allocated for Strategic Interventions. Meanwhile, Rs 1,466 crore will be used to conduct pilot projects. The R&D component is likely to receive an investment of Rs 800 crore. The mission will be used to develop infrastructure under PM Gati Shakti scheme, said Thakur.

<https://economictimes.indiatimes.com/industry/renewables/cabinet-approves-rs-19700-crore-towards-national-green-hydrogen-mission-reports/articleshow/96733901.cms>

Government panel to take call on minimum purchase of green hydrogen by key sectors

The Centre is likely to set up an empowered committee or a group of secretaries to determine the mandatory green hydrogen purchase trajectory for refineries, fertiliser firms and city gas distribution companies. The committee will

determine the phase-wise minimum mandatory purchase of green hydrogen by various sectors keeping in mind feasibility and demand concerns, besides overall energy security considerations, ET has learnt. The proportion of cost being passed on to end consumers will also be a critical factor. Mandatory purchase of green hydrogen by big consumers is a major part of the government's plan to boost domestic production and demand for the fuel.

<https://economictimes.indiatimes.com/industry/renewables/government-panel-to-take-call-on-minimum-purchase-of-green-hydrogen-by-key-sectors/articleshow/96746092.cms>

States

Assam City Gas Distribution Policy 2022 approved

Assam government on Wednesday approved Assam City Gas Distribution (CGD) Policy 2022 for promotion of City Gas Distribution (CGD) network. Assam cabinet meeting on Wednesday approved the policy whereby authorised service providers to establish, operationalise and maintain cGD network in respective allotted geographical areas, ensure provision of systematic and time-bound process for getting various permissions for laying of CGD pipelines, detailed SOP for seamless and systematic road restoration after laying of CGD pipelines, No Objection Certificates (NOC) to be given by Circle Officers of revenue circles concerned on application for CGS, District Regulating Stations, TOP, SVS and CNG station within 30 days. The policy stipulated utility corridors to be set up for pipelines during master planning of urban areas and land bank for CNG stations. Municipal bodies to issue regulations for issuance of single trade license covering operation of CNG stations within their respective town/city limits. Nodal officers, monitoring committees and grievance redressal mechanism to ensure seamless implementation of the policy.

<https://economictimes.indiatimes.com/industry/energy/oil-gas/assam-assam-city-gas-distribution-policy-2022-approved/articleshow/96743044.cms>

External

India begins anti-dumping probe into import of vitamin from China, EU

India has launched an anti-dumping probe into import of a certain kind of vitamin, used for animal consumption, from three countries on a complaint by a domestic player. The commerce ministry's investigation arm Directorate General of Trade Remedies (DGTR) is investigating the alleged dumping of 'Vitamin A Palmitate' originating in or exported from China, European Union and Switzerland. Alleging that dumping of the product is impacting domestic companies, Piramal Pharma Ltd has filed a petition before the directorate seeking imposition of anti-dumping duty on the imports. The DGTR, in a notification, said that on the basis of the application "and having satisfied itself, on the basis of the prima facie evidence submitted, about the dumping of the subject goods...the authority, hereby, initiates an investigation". The directorate further said that it would recommend the imposition of anti-dumping duty on these imports if it is established that the dumping has caused material injury to domestic players.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-initiates-anti-dumping-probe-into-import-of-vitamin-from-china-eu/articleshow/96741790.cms>

India asks Indonesia to raise buffalo meat imports quota

India has urged Indonesia to allow import of buffalo meat via Medan port on its northern coast, instead of Jakarta citing physical proximity with India which could reduce cost of transportation. Officials said that if exports of bovine meat is allowed through Medane port, located on the north of Indonesia instead of Jakarta, which is at the south of Indonesia, the shipment would see a significant spike. The distance between Medane and Jakarata ports is around 1,500 km. Officials said that India has also asked Indonesia to increase the annual import quota for bovine meat currently fixed at around 0.1 million tonne (MT) substantially. Indonesia is the fourth largest export destination for buffalo meat from India, the world's second biggest meat exporter after Brazil. In the current fiscal, India's buffalo meat exports during April – November have crossed \$ 2.1 billion, which is 4% less than the same period in 2021-22. "We have requested Indonesia to open Medan port for import of bovine meat to make it more economical which would boost exports substantially," M Angamuthu, chairman, Agricultural and Processed Food Products Export Development Authority (APEDA), told FE.

<https://www.financialexpress.com/economy/india-asks-indonesia-to-raise-buffalo-meat-imports-quota/2936988/>