



January 10, 2023 – Tuesday

Economy

PM Narendra Modi to hold pre-budget meeting with Niti Aayog

Prime Minister Narendra Modi will Friday hold a pre-budget meeting with more than two dozen economists and sector experts at NITI Aayog to seek their view on measures to push up economic growth. Top union ministers are also expected to attend the meeting to get a sense of necessary policy measures in their respective sectors to propel growth.

<https://economictimes.indiatimes.com/news/economy/policy/pm-narendra-modi-to-hold-pre-budget-meeting-with-niti-aayog/articleshow/96864235.cms>

No K-shaped recovery in India, pandemic a "leveler" to reduce inequality: SBI Economists

SBI Economists on Monday dismissed the 'K-shaped recovery' critique, saying the pandemic was a 'leveler' which helped in reducing inequalities. The economists at India's largest lender also said government transfers to the poor alone are adding up to Rs 75,000 per household per annum. In the months following the outbreak of the COVID-19 pandemic, concerns were being raised about deepening inequalities in India, with some calling it as a 'K-shaped' recovery, where rich emerged richer while the poor slipped down further. Based on data and studies, the SBI economists said, "... in hindsight, the pandemic may have been a leveller in terms of inequality with the poor getting protected through measures such as food transfers."

<https://economictimes.indiatimes.com/news/economy/indicators/no-k-shaped-recovery-in-india-pandemic-a-leveler-to-reduce-inequality-sbi-economists/articleshow/96857298.cms>

Fall in India nominal GDP growth in FY24 to challenge fiscal math

India's nominal GDP growth is likely to fall in 2023-24, hurting tax collections and putting pressure on the federal government to reduce the budget gap by cutting expenses ahead of national elections in 2024. Nominal GDP growth, which includes inflation, is the benchmark used to estimate tax collections in the upcoming budget to be presented on Feb. 1. It is estimated to be around 15.4% for the current financial year. At least four leading economists expect nominal GDP growth to come in between 8% and 11% as inflation slows and real GDP growth eases from an estimated 7% this year, when pandemic-related distortions and pent-up demand pushed up growth rates.

<https://economictimes.indiatimes.com/news/economy/indicators/fall-in-india-nominal-gdp-growth-in-fy24-to-challenge-fiscal-math/articleshow/96855109.cms>

Budget to be fiscally prudent without losing growth focus: DBS economist

The Indian government will target reducing its budget deficit ahead of the upcoming national election in 2024 without losing focus on long-term economic growth, DBS Bank's chief economist told Reuters on Monday. "We expect the budget to chart a path towards some fiscal consolidation," said Taimur Baig, who is also a managing director at DBS. "Demand moderation is a sensible strategy to pursue, even as the seeds for long-term growth are sown through infrastructure investment and strategic planning," he added. DBS Bank expects the government to target a fiscal deficit of 5.8-5.9% of gross domestic product (GDP) in 2023/24 as against the 6.4% outlined for this financial year ending on March 31.

https://www.business-standard.com/article/economy-policy/budget-to-be-fiscally-prudent-without-losing-growth-focus-dbs-economist-123010900475_1.html

Banking and Finance

Some lenders still continuing with Libor contracts, says RBI

The Reserve Bank has expressed concern over lenders not fully complying with its advisory about robust "fallback clauses" in all financial contracts that reference Libor. In July 2021, the RBI issued an advisory to banks and financial institutions to cease entering into new financial contracts that reference Libor as a benchmark and instead use any widely accepted alternative reference rate (ARR) by December 2021. The issue figured in a meeting between RBI and senior executives of all top banks in December. The banking regulator also pointed out, in the meeting, that some banks were still providing new trade credits linked to Libor, which was against the regulator's advisory.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/some-lenders-still-continuing-with-libor-contracts-says-rbi/articleshow/96864316.cms>

RBI notifies revised list of accredited credit rating agencies

The Reserve Bank of India (RBI) on Monday notified the revised list of accredited credit rating agencies for the purpose of assigning risk weight to assets for capital adequacy purposes by the banks. On a review, banks are advised to use the ratings of the following domestic credit rating agencies for risk weighting their claims for capital adequacy purposes, including Acuite Ratings & Research Limited (Acuite), Credit Analysis and Research Limited (CARE); CRISIL Ratings Limited and ICRA Limited, RBI said in a notification. The other two rating agencies are India Ratings and Research Private Limited (India Ratings); and INFOMERICS Valuation and Rating Pvt Ltd.

<https://economictimes.indiatimes.com/news/economy/policy/rbi-notifies-revised-list-of-accredited-credit-rating-agencies/articleshow/96861721.cms>

Banks raise record Rs 91,500 crore in debt capital in FY23 so far: Report

Amid tight liquidity condition, banks have issued a record quantum of bonds, with gross issuances hitting an all-time high of Rs 91,500 crore so far this fiscal, and are likely to close the financial year with around Rs 1.4 lakh crore. Gross bond issuances by banks is estimated to reach Rs 1.3-1.4 lakh crore this fiscal as debt sales have already hit record high of Rs 0.915 lakh crore, surpassing the previous high of Rs 0.8 lakh crore in FY17, Icria Ratings said in a note on Monday. The agency said this alternate resource of fund raising by banks is on the back of widening credit-deposit gap. With credit demand continuing to outdo deposits throughout this fiscal, the overall gap between deposits and credit growth widened substantially. Incremental credit expansion stood at Rs 12.7 lakh crore, while deposit accretion continued to trail at Rs 8.9 lakh crore, till December 16, 2022.

<https://www.financialexpress.com/industry/banking-finance/banks-raise-record-rs-91500-crore-in-debt-capital-in-fy23-so-far-report/2941573/>

MSME-focused fintechs suggest these tax sops to boost financial inclusion

With financial and digital inclusion ranking high on the government's agenda of economic growth, the role of fintechs in that vision can't be emphasized enough. Their model to provide affordable, faster and cheaper credit and digital financial services to businesses, particularly micro and small enterprises has enabled the latter to remove barriers to scale to some extent. Ahead of the union budget 2023-24, which will be presented on February 1, 2023, in Parliament by the finance minister Nirmala Sitharaman, fintechs serving MSMEs have suggested some tax sops they believe would help them strengthen the government's goal. Deepak Kothari, Co-founder of digital payments and loans company ftcash, which caters to micro and small enterprises, for instance, has asked for rationalisation of input tax credit mechanism in Goods and Services Tax (GST) with respect to co-lending arrangements. Anand Kumar Bajaj, Founder, MD & CEO of PayNearby said over 90 per cent of the company's business correspondent network is focused on tier II and beyond regions, serving as banking hubs in locations with limited financial infrastructure.

<https://www.financialexpress.com/industry/sme/msme-fin-budget-2023-msme-focused-fintechs-suggest-these-tax-sops-to-boost-financial-inclusion/2941612/>

Centre to fully exit IDBI Bank once it gets 'upside value': Dipam secy

The government will soon notify the exemption period for meeting the public-shareholding norm for the prospective owner of IDBI Bank, Department of Investment and Public Asset Management (DIPAM) Secretary Tuhin Kanta Pandey told *Business Standard*. He said the government would make a complete exit from IDBI Bank when it received the “upside value” on the remaining stake after acquisition. He said the government had received interests from both global and domestic investors to acquire a majority stake in the bank in the first such transaction in the banking sector. The senior bureaucrat expects to close the deal by September-October. “We have to decide now on the time period. We can’t go on making changes after we decide on changing hands. At a certain stage of the deal we will give it. It will be notified for what period they (the new owners) are exempt,” he said.

https://www.business-standard.com/article/finance/govt-to-notify-time-period-for-idbi-bank-to-meet-public-float-dipam-secy-123010901194_1.html

Industry

Govt considering textile duty structure rejig in Union Budget: Report

The \$200-billion Indian apparel and textile industry is likely to get relief via a rejig in duty structure in the next Union Budget, according to a report in *Live Mint*. The report cited a senior government official saying that the textile duty adjustments will help make Indian sellers competitive in the Western markets. The textile industry has repeatedly sought relief from the government, saying they are battling high cotton prices. Indian cotton prices had touched a record high of Rs 1 lakh per candy at one point this FY, likely because of a mismatch in demand and supply. The industry also says a slowdown in exports of cotton yarn, a key raw material, due to weakening global demand has also tied their hands. Until the new cotton season, the prices are expected to remain high.

https://www.business-standard.com/article/economy-policy/govt-considering-textile-duty-structure-rejig-in-union-budget-report-123010900255_1.html

MSME minister Narayan Rane launches web portal for World Bank-assisted RAMP scheme

MSME Minister Narayan Rane on Monday launched the web portal for the Rs 6,062.45-crore World Bank-assisted central government scheme Raising and Accelerating MSME Performance (RAMP) for MSMEs, over six months after Prime Minister Narendra Modi launched the scheme. Rane launched the portal at the Regional Conference on Sustainable Development of MSMEs in Northeast Region in Agartala to “scale up the implementation capacity and coverage of MSMEs in the country,” MSME Ministry said. The scheme was originally announced back in 2020 by the government and the World Bank to support Covid-hit MSMEs in the country. Out of the total scheme’s limit, Rs 3,750 crore was approved by World Bank in June 2021 while the balance of Rs 2312.45 crore would be funded by the government. The scheme targets to improve the performance of 5.55 lakh MSMEs, according to a World Bank statement in June 2021 while its monitoring and policy overview would be undertaken by a National MSME Council headed by the MSME minister, the Cabinet had said in March 2022 while approving the scheme.

<https://www.financialexpress.com/industry/sme/msme-fin-msme-minister-narayan-rane-launches-web-portal-for-world-bank-assisted-ramp-scheme/2941194/>

India overtakes Japan to take third spot among largest vehicle markets

India has overtaken Japan to become the third largest vehicle market in 2022 after China and the US, selling more than 4.25 million vehicles riding on pent-up demand and enhanced production by carmakers. According to the Society of Indian Automotive Manufacturers (SIAM), 4.13 million vehicles — including passenger and commercial — were sold in the country between January and November 2022. SIAM releases quarterly data on commercial vehicles, and thus numbers for the October-December quarter are awaited for the segment. Also, original equipment makers (OEMs) like Tata Motors (TML) have shifted to quarterly reporting of both wholesale and retail sales numbers. So Tata Motors data is awaited.

https://www.business-standard.com/article/economy-policy/india-overtakes-japan-for-third-spot-among-largest-vehicle-markets-123010901162_1.html

India's car buying budget sees 30% rise in 2022: Report

Indians average car-buying budget logged a 30 per cent increase in 2022, a new report said on Monday. As per 'The Mileage Report' by CARS24, the average car buying has increased to Rs 6 lakh from Rs 4.5 lakh. "2022 was a fantastic

year with trends that will shape the industry in the future. We look forward to driving the wheels with our customers and changing the way India shops for cars," Gajendra Jangid, Co-Founder, CARS24, said in a statement.

<https://economictimes.indiatimes.com/industry/auto/auto-news/indias-car-buying-budget-sees-30-rise-in-2022-report/articleshow/96860608.cms>

At 9.6%, South sees highest FMCG sales growth in December

While there has been a general slowdown in demand for Fast-Moving Consumer Goods (FMCG), consumption in South India grew by 9.6 per cent in December compared to November. According to Bizom, a retail intelligence platform that tracks consumer product sales across 7.5 million outlets, South India witnessed the highest growth in FMCG followed by Western India with 0.9 per cent growth. While southern and western regions witnessed growth, the North-East witnessed a dip of 21.3 per cent and central India by 12.8 per cent. While FMCG sales in December witnessed a month-on-month increase of 1.4 per cent, it dipped by 4.7 per cent year-on-year. The increase in FMCG sales in the South is owing to the spike in branded commodity sales and increased stocking by kiranas post festive season. Rohtak in Haryana witnessed the highest spike in FMCG sales followed by Gulbarga in Karnataka and Kolhapur in Maharashtra in December.

<https://www.thehindubusinessline.com/companies/at-96-south-sees-highest-fmkg-sales-growth-in-december/article66355913.ece>

Steel mills hike prices on improving global sentiments, higher raw material costs

After eight-odd months of decline, beginning May last year, Indian steel mills have hiked prices of hot rolled (HRC) and cold rolled coils (CRC) for mid-January deliveries. Price hikes initiated last week were to the tune of 3- 5 per cent across categories and are in the ₹2,000-3,500/tonne range, sources said. The hikes are on the back of factors such as increased and improving market activities over the last two-odd weeks, an increase in raw material prices and a slowdown in imported offerings (steel) coming in at lower than domestic prices. International prices, too, have firmed up beginning January — by \$30-50/tonne — thereby providing some cushion to mills to raise prices. According to market research agencies, including Steelmint, the benchmark HRC prices are currently at ₹56,000-57,000/tonne, against ₹54,000/tonne in December. On the other hand, CRC prices stand at ₹61,400-62,000/tonne, up from the ₹59,500/tonne range last month.

<https://www.thehindubusinessline.com/economy/steel-mills-hike-prices-on-improving-global-sentiments-higher-raw-material-costs/article66357006.ece>

Infrastructure

Railways readies ₹18,000-crore plan for upkeep of Vande Bharat trains

The Indian Railways has drawn up a plan of about ₹18,000 crore to scale up its locomotive maintenance facilities for Vande Bharat trains, eyeing an increase in deployment of these semi-high-speed trains to more parts of the country. The upgradation will enable speedier expansion as the lack of adequate maintenance depots across the country has emerged as a key roadblock in the roll-out of these trains in many parts of the country. "The depot upgrade works will be carried out across the country to ensure that the Vande Bharat trains that are planned for introduction over the coming months can be maintained appropriately," a senior railways ministry official told ET on condition of anonymity.

<https://economictimes.indiatimes.com/industry/transportation/railways/railways-readies-18000-crore-plan-for-upkeep-of-vande-bharat-trains/articleshow/96864256.cms>

Higher demand drives record quarterly bookings for realty majors

Quarterly sales updates by realty companies indicate that demand trends for both residential and commercial segments continue to remain strong. While Macrotech Developers (Lodha) and Sobha registered their highest ever quarterly bookings in the December quarter for the 2022-23 financial year (Q3FY23), Phoenix Mills' like-for-like performance reflects strong consumption trends.

https://www.business-standard.com/article/companies/higher-demand-drives-record-quarterly-bookings-for-realty-majors-123010901164_1.html

Energy

Power Min asks Gencos to import up to 6% of required coal till Sep

The power ministry has directed generation companies to import coal for blending up to 6% of their requirement till September 2023 to cover any shortages in the local supply of the fuel. The ministry has also issued directions to Gujarat, Rajasthan, Maharashtra and Punjab as well as NTPC Ltd to source 10-15% of their domestic coal requirement through rail-ship-rail mode. "Due to recent surge in demand and consumption of electricity, the share of coal-based generation has increased," the ministry said in a notification on Monday.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/metals-mining/power-min-asks-gencos-to-import-up-to-6-of-required-coal-till-sep/articleshow/96864084.cms>

Govt extends bid submission period on 10 oil & gas blocks under OLAP

The Ministry of Petroleum & Natural Gas (MoPNG) has extended the bid submission period for 10 oil and gas blocks under the eighth round of Open Acreage Licensing Programme (OLAP) for international competitive bidding (ICB). The last date of submitting bids for the 10 blocks, spread over nine sedimentary basins and covering an area of 36,316.5 sq km, is January 31, the Directorate General of Hydrocarbons (DGH) said in a notification. In July 2022, the DGH had floated the notice inviting offers (NIO) for the exploration and development of oil and gas blocks in India under the Hydrocarbon Exploration & Licensing Policy (HELP). The 10 blocks include two on-land blocks, four shallow water blocks, two deep water blocks and two ultra-deep water blocks. It is expected that this round will generate an immediate exploration work commitment of around \$600-700 million. The exercise is part of the government's plans to reduce the country's dependence on imports. India, which roughly consumes 5 million barrels of crude oil per day, imports around 85 per cent of its crude oil and 50 per cent of its natural gas requirement. In this round as well, the MoPNG is trying to incentivise offshore exploration through a graded system of reduced royalty rates.

<https://www.thehindubusinessline.com/companies/govt-extends-bid-submission-period-on-10-oil-gas-blocks-under-olap/article66357407.ece>

India's December fuel demand rises 3.1% year on year

India's fuel consumption, a proxy for oil demand, rose 3.1% year on year in December to 19.60 million tonnes, data from the Petroleum Planning and Analysis Cell (PPAC) of the oil ministry showed on Monday. Sales of gasoline, or petrol, were 5.9% higher at 2.98 million tonnes. Cooking gas or liquefied petroleum gas (LPG) sales increased 3.9% to 2.58 million tonnes.

<https://economictimes.indiatimes.com/industry/energy/oil-gas/indias-december-fuel-demand-rises-3-1-year-on-year/articleshow/96858846.cms>

Telecom

Government planning to wind up inter-ministerial DoT panel

The government is planning to dismantle the Digital Communications Commission (DCC), the highest decision-making body of the Department of Telecommunications (DoT), in a bid to increase efficiency and speed up decision making, officials said. The inter-ministerial panel, chaired by the telecom secretary, takes decisions around most matters related to telecom. According to officials in the DoT, the DCC is increasingly becoming redundant as most of the critical matters are taken to Cabinet for approval. "The intent is to remove duplication and fasten the process approval," an official said.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/government-planning-to-wind-up-inter-ministerial-dot-panel/articleshow/96864125.cms>

States

Kerala Govt's Year of Enterprises project gets recognition for 'best practice model' to promote MSMEs

The Kerala government's Industries department got recognition from the centre for its Year of Enterprises project which was selected as one of the best practices in the 'Thrust on Micro, Small and Medium Enterprises (MSMEs)' category, as per a report by the Press Trust of India (PTI). Under this project, more than one lakh enterprises were set up in eight months in the state of Kerala. The Year of Enterprises has been regarded as the best practice model in the second Chief Secretaries National Conference held in New Delhi from January 5-7, as per an official release,

the report noted. The project by Kerala Government was started in the current fiscal year with the aim to create one lakh enterprises in one year. The state government achieved the goal in eight months, said Kerala Industries Minister P Rajeev.

<https://www.financialexpress.com/industry/sme/msme-eodb-kerala-govts-year-of-enterprises-project-gets-recognition-for-best-practice-model-to-promote-msmes/2941495/>

Healthcare

Healthcare industry experts urge govt to focus on preventive care, increased investment & GST reform

As COVID-19 cases are rising again and ahead of the upcoming union budget, experts from the healthcare industry are expecting several steps and measures to improve access to quality care and treatment. Several industry experts told *Financial Express.com* that there has been a long-standing demand for increasing government health expenditure on health as a percentage of GDP. According to the latest National Health Accounts Report, it has been stagnant at around 1.2-1.3 percent. According to Dheeraj Jain, Founder & MD, Redcliffe Labs, healthcare is under-served and under-consumed. India requires a plan to build a robust and resilient healthcare system, which can only be done by increasing investment (both public and private), he told *Financial Express.com*. "Turning to preventive care is the need of the hour. Despite the fact that it can significantly lower medical costs and detect life-threatening health conditions early, it is undervalued. Therefore, improving testing facilities or diagnostic services in Rural Bharat needs to be of the utmost importance. Additionally, the GST for the healthcare industry needs to be rationalised so that the businesses in the sector may attract more investment and provide services to customers at affordable rates," Jain added.

<https://www.financialexpress.com/healthcare/news-healthcare/budget-2023-healthcare-industry-experts-urge-govt-to-focus-on-preventive-care-increased-investment-gst-reform/2941231/>

New Omicron variants are not causing case spike or mortality: Govt

The Union Health Ministry on Monday said that genomic sequencing of samples from sentinel sites showed that all the Omicron variants and its sub-lineages are present in India, but there has been neither any rise in mortality nor rise in transmission in the areas where these variants were detected. Between December 29 and January 7 Integrated Disease Surveillance Program (IDSP) sentinel sites referred 324 Covid-19 positive samples for sequencing to 22 INSACOG labs. "Sentinel sequencing of these positive samples lifted from the community revealed presence of all the omicron variants like BA.2 and its sub-lineages including BA.2.75, XBB (37), BQ.1& BQ.1.1 (5), etc. No mortality or rise in transmission was reported in the areas where these variants were detected," the Union health ministry said.

https://www.business-standard.com/article/current-affairs/new-omicron-variants-are-not-causing-case-spike-or-mortality-govt-123010901120_1.html

External

India a 'land of opportunity' for American companies today, trusted supply chain partner: Minister Piyush Goyal

India today is a land of opportunity and can be a "trusted partner" for global and American corporations in their supply chains and investment portfolios, Commerce and Industry Minister Piyush Goyal said. He also exuded confidence that the country will soon be the third largest economy in the world, as transformational reforms and a young population drive future growth. "I would urge all of you to take this message to the world, to the Americans and American corporations and to the sphere of influence that each one of you has that India is the place to be, India can be your trusted partner in your supply chains, in your investment portfolio, in your business," Goyal said on Sunday as he addressed diaspora and members of the Indian-American community at a reception here.

<https://www.financialexpress.com/economy/india-a-land-of-opportunity-for-american-companies-today-trusted-supply-chain-partner-minister-piyush-goyal/2940956/>

Huge potential to boost exports of processed food: TPCI

India's agri exports are growing at a healthy pace and there is a need to focus on the processed food sector as it holds huge potential to boost the country's outbound shipments, Trade Promotion Council of India (TPCI) said on Sunday. Keeping this in mind, the council's three-day IndusFood expo kickstarted on January 8 in Hyderabad. It was

inaugurated by Additional Secretary in the commerce ministry Rajesh Agrawal and Joint Secretary in the ministry Srikar K Reddy. Speaking on the occasion, Agrawal said there is a need to create global brands in the food and beverages industry. "Ideally, we need to create 50 brands, then we will be able to do our job well. We must think globally and build brands. We must pay serious attention on how to promote Indian cuisine abroad," TPCI said in a statement quoting Agrawal. He added that though India is doing well in the agri exports front, "our share of processed food is less than 1 per cent in exports of processed food category. We must aspire to take up our share in the global market to 10 per cent".

<https://www.financialexpress.com/industry/huge-potential-to-boost-exports-of-processed-food-tpci/2940709/>

India's tea export prospect to G20 nations bright, say stakeholders

Indian tea industry's export prospect is bright, as a whole and to G20 nations in particular, amid the uncertainties arising out of the non-placement of fresh contracts from Iran, and doubts over the quality and quantity of the crisis-hit Sri Lankan crop, stakeholders said on Monday. India exported 134.14 million kg of tea in the April-October period of the ongoing 2022-23 fiscal, with a major chunk of the shipments going to traditional buyers among the G20 bloc, according to official data. "Prospect of tea exports, as a whole, and to G20 countries, in particular, is bright. Shipments to our traditional importers in the 20-nation bloc have picked up, according to year-on-year comparison," Tea Board India chairman Saurav Pahari told PTI.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/indias-tea-export-prospect-to-g20-nations-bright-say-stakeholders/articleshow/96853168.cms>

India's thermal coal imports up nearly 15% in 2022, says Coalmint

India's imports of thermal coal - used mainly for power generation - grew 14.7% to 161.18 million tonnes in 2022, data from Indian consultancy Coalmint showed on Monday, driven by higher domestic production and shipments by utilities. Data showed that shipments of coal, which is typically used to manufacture steel, also edged higher. Imports of coking coal rose 0.8% to 56.1 million tonnes, anthracite grew 12.2% to 1.79 million tonnes, and PCI coal shipments increased 8% to 13.43 million tonnes. Indian imports of petcoke, mostly used by cement plants, doubled to 9.77 million tonnes in 2022 as they were cheaper compared with coal, whose prices hit record highs following Russia's invasion of Ukraine.

https://www.business-standard.com/article/economy-policy/india-s-thermal-coal-imports-up-nearly-15-in-2022-says-coalmint-123010900414_1.html

India considers lifting rice export curbs as supply improves

India, the world's biggest rice exporter, is likely to lift restrictions on grain shipments in a move that would mark a further easing of a global wave of food protectionism after Russia's invasion of Ukraine. Authorities are actively considering removing curbs on some rice exports as domestic prices are stable, according to a person familiar with the matter. Government stockpiles are adequate to meet the needs of welfare programs, said the person, who asked not to be identified as the information is private. India accounts for about 40% of global rice trade. Any relaxation of the export curbs will likely cool benchmark prices in Asia, which are trading near the highest since mid-2021. The move is being discussed as concerns over food inflation have eased.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-considers-lifting-rice-export-curbs-as-supply-improves/articleshow/96857018.cms>