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Economy

Cost of living crisis, digital inequality among risks for India: WEF

A cost of living crisis, digital inequality, geopolitical contest for resources, natural disasters and extreme weather events are the biggest risks for India over the short and medium term, said a World Economic Forum report on Wednesday. Globally, over the short-term (2 years), the biggest risks are the cost of living crisis, natural disasters and extreme weather events, geoeconomic confrontation, failure to mitigate climate change and large-scale environmental damage incidents, among others, the report stated. Over a long term (10 years), the biggest risks include failures to mitigate climate change and climate change adaptation, biodiversity loss, large scale involuntary migration, and natural resources crises, amongst others.

https://www.business-standard.com/article/economy-policy/india-faces-digital-inequality-cost-of-living-crises-debt-crisis-wef-123011100964_1.html

What's behind India's economic growth? PM Modi answers; says, country witnessing record FDI inflows

India is witnessing record-breaking FDI inflows, said Prime Minister Narendra Modi, while addressing the investors virtually at the 7th edition of the Invest Madhya Pradesh – Global Investors Summit on Wednesday in Indore. “The optimism for India is driven by strong democracy, young demography and political stability. Not just we the Indians but every institution & expert in the world seems to be confident about this,” he added. The IMF sees India as a bright spot in the global economy. The World Bank says that India is in a better position to deal with global headwinds than many other countries. This is because of India's strong macroeconomic fundamentals, Modi said.

<https://www.financialexpress.com/economy/whats-behind-indias-economic-growth-pm-modi-answers-says-country-witnessing-record-fdi-inflows/2944451/>

Hiring activity in white collar professional segment rise by 4% in Dec

The hiring activity in the white collar professional segment showed an increase of 4 per cent in December 2022, compared to the same month in the previous year, according to a report. There has been a 4 per cent growth in job postings with 2,890 job postings for white collar jobs in December 2022, compared to 2,770 in the same month in 2021, on the Naukri platform, according to Naukri JobSpeak.

https://www.business-standard.com/article/economy-policy/hiring-activity-in-white-collar-professional-segment-rise-by-4-in-dec-123011101244_1.html

Banking and Finance

RBI likely to tweak loan recovery framework for asset reconstruction companies

The Reserve Bank of India (RBI) may tweak its framework for Asset Reconstruction Companies (ARCs) as recoveries of retail and MSME loans by these companies via one-time settlement (OTS) have been severely impacted.

After the framework was issued in October last year, recovery of retail loans (such as housing, auto, education and unsecured loans) and MSME loans has become a rigmarole as settlement of dues can be done only after each OTS proposal is examined by an independent advisory committee (IAC), based in whose recommendation, the ARC's Board takes a call. Experts underscored that some of the ARCs, focussed on retail and MSME loans, deal with

hundreds of OTS cases daily and it would be almost impossible for the IAC and the Board to meet every other day to decide on OTS cases. Prior to the revised framework, ARCs could decide OTS at various levels — MD, chief operating officer, resolution head and recovery agents.

<https://www.thehindubusinessline.com/money-and-banking/rbi-may-tweak-loan-recovery-framework-for-asset-reconstruction-companies/article66365686.ece>

Startup funding in India drops 33 per cent to USD 24 bn in 2022: Report

Funding for Indian startups dropped by 33 per cent to USD 24 billion in 2022 as compared to the previous year though it was nearly double the amount recorded in 2019 or 2020, said a PwC India report on Wednesday. Global investors were still positive about the Indian startup ecosystem despite the global slowdown, as per the report titled 'Startup Tracker-CY 22'. "Funding for Indian startups in CY22 was nearly USD 24 billion, a drop of 33 per cent in comparison to CY21 but was still more than twice the funds raised in CY20 and CY19 each", it said. The startups received total funding of USD 13.2 billion in 2019, USD 10.9 billion in 2020 and USD 35.2 billion in 2021. Despite the funding slowdown, Amit Nawka, Partner – Deals & India Startups Leader, PwC India, said, "some areas like SaaS (Software as a service) and early-stage funding have remained upbeat. With significant dry powder waiting to be invested, it seems likely that the funding scenario will begin to normalise after 2-3 quarters." Meanwhile, he added, many startups were using the current situation to tighten operating models and optimise cash runway by deferring discretionary spends and investments.

<https://www.financialexpress.com/industry/startup-funding-in-india-drops-33-per-cent-to-usd-24-bn-in-2022-reportnbs/2944873/>

Rs 2600 crore incentive for Rupay, BHIM UPI transactions; Cabinet push for digital payments

The Union Cabinet on Wednesday approved the promotional incentives for Rupay debit cards and low value transactions of BHIM UPI. The cabinet today approved incentives worth Rs 2600 crore for FY 2022-23 which will be given on the use of Rupay debit cards and BHIM for P2M (person to merchant) transactions. "With a financial outlay of Rs 2,600 crore, this incentive scheme will benefit the MSME sector, unorganized sector, and farmers," said Union Minister Bhupender Yadav. "It'll help in achieving the goal of 'Sahakar Se Samridhi' through the inclusive growth model of cooperatives," he added. Under the scheme, acquiring banks will be provided financial incentive for promoting Point-of-Sale (PoS) and e-commerce transactions in the current financial year FY 2022-23. The scheme would also promote UPI Lite and UPI123PAY as economical and user-friendly digital payments.

<https://www.financialexpress.com/industry/banking-finance/rs-2600-crore-incentive-for-rupay-bhim-upi-transactions-cabinet-push-for-digital-payments/2944851/>

Uniform reporting standards for RPs, creditors on anvil

The insolvency regulator is planning to introduce uniform reporting standards for resolution professionals (RPs) and creditors for better management of insolvency cases, said a senior government official. The Insolvency and Bankruptcy Board of India (IBBI) will create a data bank of the information received from RPs and creditors, allowing stakeholders and the government to track all the bankruptcy cases. "In lot of cases, RPs are submitting the case information but there is no uniform format and hence they have to be analysed manually one by one," said the government official, who did not wish to be identified. "If a uniform disclosure format is introduced, the data can straightaway be entered into the comprehensive database and using tools such as artificial intelligence, the regulator will also be able to gather various insights."

<https://economictimes.indiatimes.com/news/india/uniform-reporting-standards-for-rps-creditors-on-anvil/articleshow/96920255.cms>

NARCL gets ₹ 15,300-crore blanket guarantee to tackle bad loans

The Centre approved a ₹15,300-crore blanket guarantee for National Asset Reconstruction Co (NARCL), clearing roadblocks for the keenly awaited transfer of doubtful advances to the state-sponsored bad bank. The guarantee was approved after all legal and procedural formalities were completed on Tuesday, two people familiar with the process told ET. The approval means commercial banks can now fall back on government guarantees, which will back stop security receipts (SRs) to be issued by the bad loan aggregator while taking over doubtful debt. The guarantee will be valid for five years, to be invoked in case of resolution or liquidation of the bad loan. It will cover the shortfall between the SR face value and actual realisation from the account when NARCL finds a buyer.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/narcl-gets-15300-crore-blanket-guarantee-to-tackle-bad-loans/articleshow/96924944.cms>

Commercial loan origination volumes decline 4.3 pc in FY22; avg ticket sizes jump: Report

Commercial lending origination volumes declined by 4.3 per cent to 22.2 lakh loans in the COVID-affected FY22, a credit information company said on Wednesday. If one has to look at the originations by value, there was a 73 per cent jump to Rs 66.49 lakh crore, while the portfolio outstanding at the end of the fiscal grew 8.5 per cent, the report by Crif High Mark said. The average ticket sizes for commercial loans across lenders witnessed a huge spike during the year, with state-owned lenders reporting the number at Rs 3.34 crore in FY22 against Rs 1.65 crore, and that of private banks stood at Rs 3.30 crore compared to Rs 1.85 crore.

<https://www.financialexpress.com/industry/banking-finance/commercial-loan-origination-volumes-decline-4-3-pc-in-fy22-avg-ticket-sizes-jump-report/2944780/>

Direct tax collection grows 24.58% to Rs 14.71 trillion till Jan 10

The country's gross direct tax collection rose 24.58 per cent to Rs 14.71 lakh crore till January 10 this fiscal, buoyed by an upsurge in personal income tax mop-up, the government data showed on Wednesday. After adjusting refunds, net direct tax collection stood at Rs 12.31 lakh crore, 19.55 per cent higher than the net collections for the corresponding period of last year. The net collection is 86.68 per cent of the total budget estimates of direct taxes for the current fiscal. The Budget had estimated direct tax collection at Rs 14.20 lakh crore this fiscal.

https://www.business-standard.com/article/economy-policy/direct-tax-collection-grows-24-58-to-rs-14-71-trillion-till-jan-10-123011101147_1.html

Securitisation volumes likely to jump to Rs 1.70 trn in FY23: Icra

Securitisation volumes for FY23 can reach Rs 1,70 lakh crore, as against Rs 1,26,500 crore in FY22, a domestic rating agency estimated on Wednesday. Icra Ratings said securitisation volumes are estimated to have jumped 58 per cent to Rs 1.17 lakh crore in the April-December 2022 period as compared to the same period last year. At Rs 1.17 lakh crore, the volumes are higher than the retail assets securitisation in the entire FY22, which stood at Rs 1.26 lakh crore, Icra Ratings said. Securitisation refers to an activity where a financier or lender transfers future receivables on a loan or a bunch of loans to others, which helps with immediate liquidity requirements. Buoyancy in securitisation can be attributed to the stable macroeconomic scenario and high credit growth for non-bank lenders, the agency said, adding that on a quarterly basis, Q3FY23 volumes grew slightly at 3 per cent over the preceding quarter.

https://www.business-standard.com/article/markets/securitisation-volumes-likely-to-jump-to-rs-1-70-trn-in-fy23-icra-123011101510_1.html

Industry

Micro and small enterprises corner 55% of total orders placed on GeM portal

Micro and small enterprises (MSEs) have cornered over 55 per cent of the total orders placed on the public procurement platform GeM since 2019, a senior government official said. The Government e-Market (GeM) portal was launched on August 9, 2016, for online purchases of goods and services by all the central government ministries and departments. GeM CEO P K Singh said that the public procurement policy for MSEs mandates 25 per cent of buying of goods and services from these units and 3 per cent MSEs owned by women.

https://www.business-standard.com/article/economy-policy/micro-small-enterprises-corner-55-pc-of-total-orders-placed-on-gem-portal-123011100619_1.html

Following breakneck growth in 2022; 2023 sales joyride may run into bumps

Growth in passenger vehicle sales in India is set to taper off this calendar year after a record 2022 even as the country remains a bright spot among emerging markets despite global uncertainties, senior industry executives said. In addition to a high base effect, sales are expected to soften due to increase in vehicle prices after implementation of stricter emission norms and higher interest rates on loans are expected to impact car sales growth this year. Several senior industry executives ET spoke to expect PV sales in the local market to increase 6-8% year on year to 4-4.1 million units in 2023. PV sales in the country zoomed 23% year on year in calendar 2022 to a record 3.79 million units. The previous record was 3.39 million vehicles sold in 2018.

<https://economictimes.indiatimes.com/industry/auto/cars-uvs/following-breakneck-growth-in-2022-2023-sales-joyride-may-run-into-bumps/articleshow/96920279.cms>

Hospital sector likely to post healthy growth in FY23: ICRA report

The hospital industry is expected to post occupancy levels of 62-64 per cent in FY23 and FY24 backed by demand for elective surgeries, medical tourism and organised players improving their market share, said rating agency ICRA. Companies' price revisions will likely offset cost inflation, as ARPOB moderates to 2-4 percent in FY24. "Covid-related uncertainties resulted in deferment of organic capex plans of industry players over the last two years. Supported by sustained improvement in demand, sample set players have announced a sizable expansion with the addition of around 7,000 beds and an upgradation or refurbishment plan for the next three-four years," said Mythri Macherla, assistant vice president and sector head, ICRA.

https://www.business-standard.com/article/economy-policy/hospital-sector-likely-to-post-healthy-growth-in-fy23-icra-report-123011100727_1.html

Agriculture

Cabinet approves setting up of a cooperative export society to boost exports by cooperatives

The Union Cabinet, chaired by Prime Minister Narendra Modi, on Wednesday said it has approved setting up and promoting a national-level multistate cooperative export society under the Multi State Cooperative Societies (MSCS) Act, 2002 "for undertaking exports of all goods and services produced by cooperatives and related entities," a statement said. The cabinet said the proposed society will provide "thrust to exports from the cooperative sector by acting as an umbrella organisation for carrying out and promoting exports. This will help unlock the export potential of Indian cooperatives in global markets." Moreover, the society will also support cooperatives in getting benefits of different export-related schemes and policies of various ministries of the central government through the "Whole of Government Approach". The cabinet added that the members would benefit by the realization of better prices through the export of their goods and services and also by dividends distributed out of the surplus generated by the society.

<https://www.financialexpress.com/industry/sme/msme-exim-cabinet-approves-setting-up-of-a-cooperative-export-society-to-boost-exports-by-cooperatives/2945124/>

Infrastructure

Focus of Budget 2023 to be more on rural India and infra, says UBS India economist

Union Budget 2023 is likely to be more focused on rural India and infra sector, according to a note prepared by UBS India economist Tanvee Gupta Jain. The forthcoming budget will be the last full budget of Modi government ahead of the general elections, to be held in mid-2024. This budget is likely to raise spending on rural/agri by \$10 billion, which is a jump of 15 per cent over FY23, the note said. It is likely to maintain double-digit 20 per cent growth in public capex over the current fiscal, it added.

<https://economictimes.indiatimes.com/news/economy/policy/focus-of-budget-2023-to-be-more-on-rural-india-and-infra-says-ubs-india-economist/articleshow/96917772.cms>

Energy

Centre to seek bids to set up green hydrogen manufacturing plants by May

India will by May invite bids for subsidies for setting up green-hydrogen manufacturing and utilisation hubs, fertiliser and steel plants based on the fuel, and factories for making electrolyzers, two government sources told Reuters. The bidding process is part of a first phase of a \$2 billion incentive plan announced last week to boost use of green hydrogen to cut emissions and make India a major exporter in the field.

https://www.business-standard.com/article/economy-policy/centre-to-seek-bids-to-set-up-green-hydrogen-manufacturing-plants-by-may-123011100677_1.html

India may exempt 30 GW of solar plants from equipment duty: Report

India may exempt some solar projects from paying duties on equipment imports, according to government and industry sources, to bring renewable-energy capacity additions back on schedule and lower consumer power tariffs. Projects with 30 gigawatts of capacity will benefit, the sources said. In March 2021, the government announced 25% basic customs duties on solar photovoltaic cells and 40% on solar photovoltaic modules with effect from April 1, 2022 in order to block Chinese imports and encourage indigenous manufacturing.

https://www.business-standard.com/article/economy-policy/india-may-exempt-30-gw-of-solar-plants-from-equipment-duty-report-123011100802_1.html

Telecom

DoT may seek law ministry views on giving spectrum to entities

The Department of Telecommunications (DoT) is likely to seek the opinion of the law ministry over allocation of spectrum to enterprises for rolling out private captive networks. Officials aware of the details said the DoT will ask if spectrum can be given administratively or through auction. While the Cabinet had approved direct allocation to enterprises in June 2022, it had not spelled out the specifics around the methodology. "We will seek clarity from the law ministry. As per the 2012 Supreme Court order, auction is the preferred way for allocating spectrum for commercial purposes. Though private networks are not allowed to give commercial telecom services, we must be sure that we don't fall against the apex court order," an official told ET.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/dot-may-seek-law-ministry-views-on-giving-spectrum-to-entities/articleshow/96924867.cms>

States

Andhra releases Rs 395 crore towards interest-free loans for traders

Andhra Pradesh Chief Minister Y.S. Jagan Mohan Reddy on Wednesday released Rs 395 crore under Jagananna Thodu for interest-free loans. Under this scheme, Rs 10,000 each would be given to 3.95 lakh small-time traders and artisans to make them self-sufficient. The Chief Minister also released Rs 15.17 crore towards reimbursement of interest to benefit 13.28 lakh beneficiaries who have repaid loans promptly in the last six months.

https://www.business-standard.com/article/economy-policy/andhra-releases-rs-395-crore-towards-interest-free-loans-for-traders-123011101229_1.html

External

CBIC notifies the Customs Valuation Rules 2023, effective from February 11

From next month, importers will have to furnish additional information at Customs Automated System while filing a bill of entry in case of "specified goods". The centre has notified the Customs (Assistance in Value Declaration of Identified Imported Goods) Rules, 2023, aimed at addressing the undervaluation of specified imported goods. The rules will be effective from February 11, 2023, the notification issued by the Central Board of Indirect Taxes and Customs (CBIC) said. As per the rules, two committees will be constituted - a screening committee for a preliminary examination of 'identified goods' and an evaluation committee for a detailed examination.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/cbic-to-come-out-with-list-of-identified-goods-to-check-undervaluation-of-imports/articleshow/96918470.cms>

Sitharaman, UK chancellor of exchequer discuss bilateral issues, G-20

Finance Minister Nirmala Sitharaman and UK Chancellor of Exchequer Jeremy Hunt on Wednesday discussed bilateral investment and trade issues. The two leaders also discussed issues relating to the G-20, of which India has assumed the Presidency for the current year.

https://www.business-standard.com/article/economy-policy/sitharaman-uk-chancellor-of-exchequer-discuss-bilateral-issues-g-20-123011100958_1.html

Modest expectations from India-US Trade Policy Forum meeting: Experts

The crucial India-US Trade Policy Forum meeting is unlikely to make much progress, given the sharp differences, but would hopefully ignite trade talks between the world's two largest democracies, according to eminent trade experts.

Minister of Commerce and Industry Piyush Goyal, who is in the US on an official visit, held a series of meetings with the CEOs of investment and financial giants in New York on Monday. He will attend the 13th Trade Policy Forum (TPF) meeting being hosted by US Trade Representative Katherine Tai in Washington on January 11. Goyal will also hold a bilateral meeting with Tai.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/modest-expectations-from-india-us-trade-policy-forum-meeting-experts/articleshow/96899618.cms>

India suspends duty-free import of soyabean oil for FY24

The Union Commerce Ministry has suspended duty-free imports of soyabean oil under the tariff rate quota (TRQ) regime for the 2023-24 fiscal in a notification issued late on Wednesday evening. However, duty-free imports of sunflower oil under the TRQ regime will continue. In the case of soyabean oil, imports under TRQ will continue until June 30, the notification said. On May 24 last year, the Directorate-General of Foreign Trade issued a notification announcing the TRQ allowing duty-free imports of soyabean and sunflower oil until March 2024. The Centre decided to permit 20 lakh tonnes of both soft oils each for the current and next fiscal. The measure was undertaken in a bid to control soaring edible oil prices in the domestic market and to tame inflation. Now, the Centre has suspended duty-free imports of soyabean oil under the TRQ regime as edible oil prices across the globe have cooled down and Indian soyabean farmers are holding huge inventory. This is a measure to counter any adverse reaction to the Indian government extending the suspension on derivatives trading of soyabean and its products.

<https://www.thehindubusinessline.com/economy/agri-business/india-suspends-duty-free-import-of-soyabean-oil-for-fy24/article66366381.ece>

Demand for dumping duty on viscose staple fibre

The Association of Man-made Fibre Industry of India has requested the finance ministry to accept the Directorate General of Trade Remedies (DGTR) recommendation to levy an anti-dumping duty on imports of viscose staple fibre (VSF), which is used in ready-made garments, home and industrial textiles. On December 19, DGTR recommended the duty due to large-scale dumping at below-cost prices by Chinese backed firms. The previous duty expired in August 2021 and there has been a fivefold increase in monthly VSF imports into India at predatory prices, the association said.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/demand-for-dumping-duty-on-viscose-staple-fibre/articleshow/96920168.cms>

India's spices exports lose sting on global recession

The global recession seems to have impacted India's spices exports. The shipments during the April-November period of the current fiscal are down by 6.5 per cent in dollar terms compared with corresponding period in the previous year. The current trade estimate for April-November 2022 for spices is \$2,469.02 million (₹9,580.56 crore). However, the industry is optimistic about a revival, saying the maximum trade happens during the last quarter of the fiscal. The Indian spice industry is looking forward to increasing the export of spices during January-March, which is expected to take the total exports towards the \$4-billion mark. Industry sources said the recession seen across major global markets has impacted the Indian spices export as well. The overall demand is stagnant or ebbing and buyers in major markets are restricting their purchases, only to meet short-term needs. The Indian spice industry passed the \$4-billion mark consecutively during the last two years 2020-21 and 2021-22. During 2022-23, there has been an increased demand for certain spices, especially seed spices including cumin, fenugreek, Bishop's weed seed (ajwain seed), dill seed, poppy seed, aniseed, mustard, etc.

<https://www.thehindubusinessline.com/economy/agri-business/indias-spices-exports-lose-sting-on-global-recession/article66364925.ece>