



January 19, 2023 – Thursday

## Economy

### **India better than many economies, needs work on labour mkts: Gita Gopinath**

IMF Deputy Managing Director Gita Gopinath has cautioned that India needs to work on labour markets and land, even as she hailed the country for doing better than many global economies. In an interview on the sidelines of the ongoing World Economic Forum (WEF) meeting at Davos on Wednesday, Gopinath cautioned against growing fragmentation globally, saying it hurt the global growth rate. The Covid-19 pandemic and the Russia-Ukraine war has made countries much more concerned about national security and economic security, which is causing them to undertake policies that could lead to greater fragmentation, she was quoted as saying in the interview. India though, she said, has been receiving lots of positive sentiments but at the same time added that greater reforms are needed for foreign direct investment in the manufacturing sector.

[https://www.business-standard.com/article/economy-policy/india-better-than-many-economies-needs-work-on-labour-markets-gopinath-123011800602\\_1.html](https://www.business-standard.com/article/economy-policy/india-better-than-many-economies-needs-work-on-labour-markets-gopinath-123011800602_1.html)

### **Budget 2023 should ease credit access, develop infra, subsidy for MSMEs to boost exports: CareEdge survey**

A budget expectation survey by credit rating agency CareEdge on Wednesday comprising 364 respondents from key industries suggested measures to support merchandise exporters. Developing export logistic infrastructure was the key expectation of 71 per cent of respondents followed by easy credit availability suggested by 58 per cent. Support in overseas marketing was also suggested by 34 per cent of respondents. Other measures suggested were credit subsidy for MSMEs, tax reliefs, expansion of the Production Linked Incentive scheme etc. The suggestions for the upcoming union budget come in the backdrop of challenges faced by exporters including reduced demand in key markets because of fear pertaining to the looming global recession and high inflation.

<https://www.financialexpress.com/budget/msme-exim-budget-2023-should-ease-credit-access-develop-infra-subsidy-for-msmes-to-boost-exports-careedge-survey-2952433/>

### **India's capex spending is likely to slow on lower tax haul**

India's pace of spending on infrastructure, buildings and other fixed assets will probably slow in the coming fiscal year, a development that could dent the nation's ability to maintain world-beating growth. To sell itself as an attractive destination for foreign capital, Asia's third-largest economy has leaned on robust capital spending, increasing its infrastructure budget 39 per cent and 26 per cent in the last two years. But as recessionary woes spread globally, India's tax collections and asset sales are likely to fall, analysts say. "The statistical base is very high and to spend above it year after year is not feasible within the given resource constraints," she said. A likely slowdown in government revenue will further impact spending. For fiscal year 2024, which starts on April 1, growth in tax collections may moderate from the 30 per cent pace seen in 2021 and 2022, economists from HSBC Holdings Plc. said.

<https://www.financialexpress.com/economy/indias-capex-spending-is-likely-to-slow-on-lower-tax-haul/2952004/>

### **India's buzzing economic activity belies fears of a slowdown**

India's economy picked up speed in December as business conditions improved, marking a rebound for the South Asian nation that had showed signs of a slowdown the preceding month. The needle indicating so-called animal

spirits moved right after holding steady for five straight months — indicating stronger overall economic activity as 2022 drew to a close. Consumer spending boosted tax collection and manufacturers signaled optimism about the future, while services sector saw expansion of new businesses. “While some may question the resilience of the Indian manufacturing industry in 2023 amid a deteriorating outlook for the global economy, manufacturers were strongly confident in their ability to lift production,” said Pollyanna De Lima, Economics Associate Director at S&P Global Market Intelligence.

<https://economictimes.indiatimes.com/news/economy/indicators/indias-buzzing-economic-activity-belies-fears-of-a-slowdown/articleshow/97112814.cms>

#### **India budget to balance capex, social agenda, says Sonal Varma**

India’s government will likely increase capital expenditure for the next fiscal year, though the size of the jump may be lower than previous budgets because of a broader economic slowdown, said Sonal Varma, an economist for Nomura Holdings Inc. “The primary focus for the budget will be to push up public capex, or rather to continue to push on public capex, because private capex hasn’t really picked up and is unlikely to pick up in the next 12 months,” Varma said in an interview with Bloomberg Television’s Rishaad Salamat. Unlike the current fiscal year, which ends in March, “there isn’t that much of a buffer because tax revenue and nominal gross domestic product growth will be lower,” Varma said. Still, India will have the benefit of lower subsidy bills, helped by a fall in international fertilizer prices and a readjustment of the nation’s free food program, she said. Finance Minister Nirmala Sitharaman will likely balance populist measures with fiscal prudence in her budget speech, which is scheduled for Feb. 1. She is expected to target a fiscal deficit of about 5.9 per cent of GDP, compared to 6.4 per cent for the current year. The gap needs to be brought down to 4.5 per cent by 2026.

<https://www.financialexpress.com/budget/india-budget-to-balance-capex-social-agenda-says-sonal-varma-2952503/>

#### **Fiscal consolidation expected on the back of lower subsidy payments**

The Central government's fiscal deficit is expected to narrow to 5.9 per cent of GDP in F2024 from 6.4 per cent in F2023, Morgan Stanley said in a report. "We expect fiscal consolidation on the back of lower subsidy payments, which will also ensure that focus on public capex spending is sustained, thus supporting the growth outlook," the report said. Expenditure ratio is expected to moderately driven by lower subsidy spending, mix of expenditure to improve. Subsidy spending is expected to moderate to 1.3 per cent of GDP in F2024 from 2 per cent of GDP in F2023, driven by lower food and fertilizer subsidy. In particular, we expect food subsidy to moderate to 0.8 per cent of GDP from 1.1 per cent in F23 as the government has discontinued the expanded free foodgrain distribution from 1 Jan 2023 even as it makes foodgrain under public distribution free, the report said.

[https://www.business-standard.com/article/economy-policy/fiscal-consolidation-expected-on-the-back-of-lower-subsidy-payments-123011800435\\_1.html](https://www.business-standard.com/article/economy-policy/fiscal-consolidation-expected-on-the-back-of-lower-subsidy-payments-123011800435_1.html)

### **Banking and Finance**

#### **MCA proposes IBC tweaks to put resolution on fast track**

The government on Wednesday proposed a slew of changes to the Insolvency and Bankruptcy Code (IBC), including fast-tracking the resolution process and expanding the scope of the pre-packaged framework. A discussion paper floated by the Ministry of Corporate Affairs proposes to introduce Fast Track Corporate Insolvency (FIRP) through which the corporate debtors of a company can choose to opt for resolution outside the judicial process. The proposed changes seek to allow unrelated financial creditors of a corporate debtor to select and approve a resolution plan through an informal out-of-court process and involve the Adjudicating Authority only for its final approval or a moratorium, if needed.

<https://economictimes.indiatimes.com/news/economy/policy/mca-proposes-ibc-tweaks-to-put-resolution-on-fast-track/articleshow/97101797.cms>

#### **FinMin deliberates steps taken to deal with cyber security issues**

The Finance Ministry on Wednesday deliberated on steps being taken to mitigate the threats of cyber security in the financial segment amid the growing digitisation of the sector. The symposium titled Financial Services Cyber Security (FINSCY) was organised by the Department of Financial Services (DFS) and Secretary Vivek Joshi inaugurated it, an

official statement said. The symposium provided an opportunity for senior officers from government departments, and financial services sector regulators, as also senior executives and chief information security officers of banks and financial institutions to share their ideas, practices and concerns on cyber security measures, it noted.

<https://economictimes.indiatimes.com/news/economy/finance/finmin-deliberates-steps-taken-to-deal-with-cyber-security-issues/articleshow/97094450.cms>

### **Govt seeks expenditure proposals for final supplementary demands for grants**

Ahead of the Budget session of Parliament, the finance ministry has sought expenditure proposals for the second and final batch of Supplementary Demands for Grants from various ministries and departments. The final batch of Supplementary Demands for Grants for 2022-23 is proposed to be placed before Parliament in the ensuing session, the ministry said in an office memorandum. The two-part Budget session of Parliament will commence on January 31 and the final Supplementary Demands for Grants is likely to be presented in the second leg of the session. The cases that would be eligible to be incorporated under such demands include those where advances from the Contingency Fund of India have been granted.

[https://www.business-standard.com/article/economy-policy/govt-seeks-expenditure-proposals-for-final-supplementary-demands-for-grants-123011800708\\_1.html](https://www.business-standard.com/article/economy-policy/govt-seeks-expenditure-proposals-for-final-supplementary-demands-for-grants-123011800708_1.html)

## **Industry**

### **Domestic automotive industry expected to grow at high single-digit rates in FY24: Icra**

The domestic automotive industry has seen a healthy revival in the current fiscal, aided by a recovery in economic activities and increased mobility, and is expected to grow at high single-digit levels across segments in FY24, a report said on Wednesday. Category-wise, passenger and commercial vehicle volumes could see a growth of 6-9 per cent and 7-10 per cent, respectively, the two-wheeler and tractors are estimated to grow at 6-9 per cent and 4-6 per cent, respectively, in the financial year starting April 2023, domestic credit ratings agency Icra said. According to the agency, the demand sentiments for a majority of the automotive segments such as passenger vehicles, commercial vehicles and tractors have remained healthy, aiding in the improved off-take for the industry participants. However, the two-wheeler industry continues to struggle with industry volumes still below the pre-Covid peak levels; even as improved off-take in the recent festive and marriage season has provided optimism, a sustained recovery in demand sentiments is yet to be seen, it said.

<https://economictimes.indiatimes.com/industry/auto/auto-news/domestic-automotive-industry-expected-to-grow-at-high-single-digit-rates-in-fy24-icra/articleshow/97093396.cms>

### **India IT spending to reach \$110.3 bn in 2023 amid global slowdown: Report**

The India IT spending is estimated to grow 0.5 per cent in 2023, totaling \$110.3 billion which is up from \$109.7 billion in 2022, a report showed on Wednesday. Globally, IT spending is projected to total \$4.5 trillion in 2023, an increase of 2.4 per cent from 2022 -- down from the previous quarter's forecast of 5.1 per cent growth, according to the latest forecast by Gartner. While inflation continues to erode consumer purchasing power and drive device spending down, overall enterprise IT spending is expected to remain strong.

[https://www.business-standard.com/article/companies/india-it-spending-to-reach-110-3-bn-in-2023-amid-global-slowdown-report-123011800664\\_1.html](https://www.business-standard.com/article/companies/india-it-spending-to-reach-110-3-bn-in-2023-amid-global-slowdown-report-123011800664_1.html)

## **Agriculture**

### **Small farmers must get irrigation, fertilisers, secure market at lower cost to transform food systems: R K Singh**

Developed countries should walk the talk on transforming food systems by helping small farmers in developing countries with cheaper access to irrigation, fertilisers and markets, Union Minister Raj Kumar Singh said on Wednesday. In a strong rebuttal to the criticism about India continuing to buy oil from Russia, the Minister for New and Renewable Energy also asserted that the Indian import of Russian oil was only a fraction of what was being purchased by Europe and before lecturing others the West must stop their Russian oil dealings entirely. Speaking at a panel discussion at the World Economic Forum Annual Meeting 2023 here, Singh said India is helping farmers reduce their carbon footprint with solar water pumps and green ammonia. He said India is providing millions of solar

water pumps to farmers and will soon produce enough green ammonia to stop imports of ammonia-based fertilisers, which form a big chunk of its import bills.

<https://www.financialexpress.com/industry/small-farmers-must-get-irrigation-fertilisers-secure-market-at-lower-cost-to-transform-food-systems-r-k-singh/2951877/>

### **Subsidy, PLI in agriculture industry's Budget 2023 wish list**

Higher input subsidy on fertilisers and agrochemicals, cheaper credit for the animal husbandry sector and introduction of production-linked incentives for agrochemicals can help boost the rural economy and increase rural demand, farmers and companies said, making their wish list for the upcoming Budget. Some suggested higher allocation of funds to the rural employment guarantee scheme, saying that it would help increase cash flow to the rural economy. Rural demand has taken a beating across categories, including for FMCG and two-wheelers. Inflation has been hurting households and real wages have fallen - both resulting in sluggish rural spending.

<https://economictimes.indiatimes.com/news/economy/agriculture/subsidy-pli-in-agriculture-industrys-budget-2023-wish-list/articleshow/97102245.cms>

## **Infrastructure**

### **More airports set to be privatised, govt looking to raise Rs 8,000 crore, reports say**

Ahead of the Union Budget 2023, the Aviation Ministry is looking to generate Rs 20,000 crore through asset monetisation, ETNow reported on Monday. The ministry is looking to attract more private investment in the aviation sector and announcements are likely to be made in the upcoming budget. A list of 11-12 airports has been prepared for privatisation, including Raipur, Jaipur, Vijaywada, Kolkata and Indore. The ministry is aiming to generate more than Rs 8,000 crore through the privatisation of airports. A list of 11-12 airports has been prepared for privatisation, including Raipur, Jaipur, Vijaywada, Kolkata and Indore. The ministry is aiming to generate more than Rs 8,000 crore through the privatisation of airports.

<https://economictimes.indiatimes.com/industry/transportation/airlines/-aviation/budget-2023-more-airports-set-to-be-privatised-govt-looking-to-raise-rs-8000-cr-reports-say/articleshow/97084070.cms>

## **Energy**

### **India's coal production target at more than one billion tonnes for FY24: Govt**

The government on Wednesday said that it has set a coal production target of more than one billion tonnes (BT) for the next financial year. Of the said target, state-owned CIL has been given the task to produce 780 MT of coal, followed by 75 MT for Singareni Collieries Company Ltd (SCCL) and 162 MT for captive and commercial mines. "The ministry of coal targets to produce more than one billion tonne coal during the year 2023-24," the coal ministry said in a statement. A total of 290 mines are operational in Coal India Ltd (CIL) out of which 97 mines produce more than one MT per year. For all 97 such coal mines, issues of land acquisition, forest clearance, environment clearance, rail connectivity and road connectivity have been discussed and timelines fixed.

<https://www.financialexpress.com/industry/indias-coal-production-target-at-more-than-one-billion-tonnes-for-fy24-govt/2952498/>

## **Telecom**

### **USTDA to fund study to expand broadband connectivity in rural India**

The United States Trade and Development Agency will provide a grant to an internet service provider to conduct a feasibility study to take broadband connectivity to over 30 million people in rural and peri-urban communities across India, an official release said. The amount of the grant, however, was not disclosed. The USTDA on Wednesday said projects such as this can transform communities and stimulate more inclusive economic growth. It said the grant would be used to conduct a feasibility study to help expand broadband connectivity to more than 30 million people in rural and peri-urban communities across India. The internet service provider, AirJaldi, selected Georgia-based Vernonburg Group LLC to conduct the study, the release said.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/ustda-to-fund-study-to-expand-broadband-connectivity-in-rural-india/articleshow/97111752.cms>

## States

### **PM Modi to launch projects worth Rs 38,000 cr during Mumbai visit on Jan 19**

Prime Minister Narendra Modi will inaugurate and lay foundation stones for a string of projects worth more than Rs 38,000 crore aimed at developing infrastructure, easing urban travel, and strengthening healthcare during his visit to Mumbai on Thursday. The prime minister will dedicate to the nation the Mumbai Metro Rail Lines 2A and 7, worth around Rs 12,600 crore. He will also lay the foundation stones for seven sewage treatment plants, a road concretisation project, and redevelopment of the Chhatrapati Shivaji Maharaj Terminus at a function to be held on the MMRDA grounds in the Bandra Kurla Complex, an official release said.

[https://www.business-standard.com/article/economy-policy/pm-modi-to-launch-projects-worth-rs-38-000-cr-during-mumbai-visit-on-jan-19-123011800605\\_1.html](https://www.business-standard.com/article/economy-policy/pm-modi-to-launch-projects-worth-rs-38-000-cr-during-mumbai-visit-on-jan-19-123011800605_1.html)

## External

### **DGFT simplifies composition fee under export advance authorisation**

Amid a decline in India's outbound shipments, the Directorate General of Foreign Trade (DGFT) on Wednesday simplified the process of levying composition fee on exporters to help achieve their export commitments. The fee is levied if the exporter is unable to timely export the product for which duty free import of inputs is made, called advance authorisation. As per the public notice issued by the DGFT, the composition fee has been capped between Rs 5,000-15,000 if the extension in the export obligation period for authorisations is less than half of the stipulated obligation period or is a one-time extension of six months. The fee has been fixed between Rs 10,000-30,000 for further extension.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/ease-of-export-dgft-simplifies-composition-fee-under-export-advance-authorisation/articleshow/97097341.cms>

### **Finance Ministry unlikely to raise interest equalisation rates for exporters this fiscal**

The Finance Ministry is likely to defer action on a key demand of exporters seeking restoration of the higher rates of interest subsidy for identified items under the interest equalisation scheme. "For the past few months, the Commerce Department has been trying to persuade the Finance Ministry to increase the rates under the interest equalisation scheme and bring them to the earlier levels as exports are in need of additional support given the slowdown in global demand and also to account for rising interest rates. But it seems that funding is an issue. So the rates are unlikely to be revised at least this fiscal," a person tracking the matter told businessline.

<https://www.thehindubusinessline.com/economy/finance-ministry-unlikely-to-raise-interest-equalisation-rates-for-exporters-this-fiscal/article66397635.ece>

### **FTAs, involvement of states, missions to help promote exports: IIPM Director Rakesh Mohan Joshi**

Free trade agreements with the UAE, Australia and involvement of states and Indian missions abroad would help promote the country's exports, Indian Institute of Plantation Management (IIPM) Director Rakesh Mohan Joshi said on Wednesday. He also said at a time when economies of developed countries are facing a slowdown, the Indian economy is registering healthy growth and exports are playing a key role in that. "In recent years, the country has been actively engaging government and corporate functionaries even at the district level and also foreign missions worldwide for its export promotion strategies, leading to sustainable rise in India's exports," Joshi said. Bengaluru-based IIPM, under the commerce ministry, conducts industry need-based capacity building and training programmes for stakeholders of the agri-plantation sector.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/ftas-involvement-of-states-missions-to-help-promote-exports-iipm-director-rakesh-mohan-joshi/articleshow/97089148.cms>

### **India and Maldives together have responsibility for regional peace and security: EAM Jaishankar**

India and Maldives are good neighbours and strong partners, External Affairs Minister S Jaishankar said on Wednesday as he underlined that the two countries also together have the responsibility for peace and security in the region. Jaishankar, who is here on the first leg of his three-day visit to the Maldives and Sri Lanka, made the remarks after a "productive meeting" with his Maldivian counterpart Abdulla Shahid during which they discussed

the full spectrum of special bilateral partnership with a focus on development cooperation, capacity building and people-to-people ties. "We are good neighbours. We are strong partners. We have mutually invested in development and progress. But we also together have a responsibility for peace and security in the region," the minister said in a joint press appearance along with Shahid. He said the security partnership between the two countries also continues to strengthen which is the way it should be.

<https://economictimes.indiatimes.com/news/india/india-and-maldives-together-have-responsibility-for-regional-peace-and-security-eam-jaishankar/articleshow/97102788.cms>