



January 24, 2023 – Tuesday

Key Developments

Reserve Bank of India says no foreign investment cap on sovereign green bonds

The sovereign green bonds issued by the Indian government will not have any restrictions on foreign investment, the Reserve Bank of India said on Monday. Such securities will be counted as specified securities under the fully accessible route, the central bank said in a notification. The RBI had earlier this month announced an auction of 160 billion rupees (\$1.93 billion) of sovereign green bonds in two tranches, half of it set to be issued on Wednesday. The proceeds will be used to fund solar, wind and small hydro power projects, including other "public sector projects which help in reducing the carbon intensity of the economy," the RBI said.

<https://economictimes.indiatimes.com/news/economy/policy/reserve-bank-of-india-says-no-foreign-investment-cap-on-sovereign-green-bonds/articleshow/97255666.cms>

Economy

Business confidence recovers from lows: NCAER

Business confidence has recovered from the lows of the pre-pandemic (2019-20) and the following two pandemic years, though sentiments continued to soften sequentially in the three quarters of the current fiscal, economic think-tank NCAER said. The NCAER-NSE Business Confidence Index (BCI) was higher at 126.6 in the third quarter of 2022-23 than the year-ago's level of 124.4. "However, sentiments continued to soften sequentially in the first, second and third quarters of 2022-23," it said. The National Council of Applied Economic Research (NCAER) further said sentiments relating to macro conditions remained relatively buoyant in the third quarter of 2022-23 as compared to the second.

<https://economictimes.indiatimes.com/news/economy/indicators/business-confidence-recovers-from-lows-ncaer/articleshow/97258763.cms>

Centre likely to borrow record Rs 16 lakh crore in fiscal 2023/24

The Indian government will borrow a record Rs 16 lakh crore (\$198 billion) in the fiscal year to March 2024, according to a Reuters poll of economists, who said infrastructure spending and fiscal discipline ought to be its highest budget priorities. "The key reason gross borrowing is going to be still quite high is the repayment burden," said Dhiraj Nim, economist at ANZ. "The government borrowed a lot in the last few years to have funds for the pandemic, which means the repayment burden will now be quite elevated for several years."

<https://economictimes.indiatimes.com/news/economy/finance/centre-set-to-borrow-record-rs-16-lakh-crore-in-fiscal-2023/24/articleshow/97242196.cms>

Banking and Finance

PSBs will continue to lag private peers in deposits: Analysts

Public sector banks are benefiting from lower credit costs and increase in risk appetite due to asset quality clean-up, but they face the risk of yielding further ground to private lenders on deposit mobilization - across geographies and customer segments. Hence, capital costs at public lenders could climb. Analysts also expect PSU banks to lose out

on the higher-yielding consumer loan segments as private banks deploy more technology and manpower to grab the pie. "Public sector banks have seen a sharp re-rating as the asset quality environment improved, they were helped by better liquidity and falling credit costs; however, we think the asset quality cycle basis re-rating is largely done in the sector and the focus will now shift back to the ability of individual banks to grow faster than system and deliver better or higher ROEs," said Pranav Gundlapalle, head, India financials, Bernstein.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/psbs-will-continue-to-lag-private-peers-in-deposits-analysts/articleshow/97260582.cms>

Centre looking at decriminalising some IBC offences

The government has proposed the decriminalisation of several violations under the Insolvency and Bankruptcy Code (IBC) to further improve the ease of doing business and speed up corporate failure resolution. The move is in line with the government's initiative to clean up the statute book to decriminalise minor offences and switch to monetary penalties. A similar process has been carried out in the laws for companies and limited liability partnerships. In a discussion paper floated last week, the ministry of corporate affairs proposed to empower National Company Law Tribunals (NCLTs) and Debt Recovery Tribunals (DRTs) with powers to penalise anyone who violates the IBC. These violations are currently handled by special courts through criminal proceedings.

<https://economictimes.indiatimes.com/news/economy/policy/centre-looking-at-decriminalising-some-ibc-offences/articleshow/97265105.cms>

Banks seek immunity for board members, suggest NaBFID-like shield against arrests

Banks have asked the government for protection against the arbitrary arrest of board members for commercial decisions such as the granting of loans. They want similar immunity for executives deputed to boards of borrowing firms. The exemption could be on the lines of that available to the top brass of the National Bank for Financing Infrastructure and Development (NaBFID), they suggested. The issue was discussed by banks internally at a meeting last week and a representation was subsequently made to the government, said people with knowledge of the matter.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/lenders-seek-immunity-for-board-members-suggest-nabfid-like-shield-against-arrests/articleshow/97265101.cms>

Tier II cities beat metros in sale of term insurance products: Report

India's Tier II cities like Ludhiana, Jaipur, Patna and Pune beat metros in terms of buying term insurance or pure insurance products, as per a report. According to India Protection Quotient survey (IPQ) commissioned by Max Life Insurance, awareness about term insurance products has increased post COVID-19 pandemic. There has been steady progress seen in preference of online channels to purchase term insurance, while agents remain the top channel of purchase with 2 out of 3 urban Indians opting for it, it said. The latest study IPQ 5.0 was conducted among 3,500 respondents in top 25 cities.

<https://economictimes.indiatimes.com/industry/banking/finance/insure/tier-ii-cities-beat-metros-in-sale-of-term-insurance-products-report/articleshow/97257950.cms>

Industry

5 crore informal micro units can potentially be formalised with govt's new Udyam Assist Portal: SBI report

The Udyam Assist Platform (UAP) launched earlier this month by the MSME Ministry to register informal micro enterprises has the potential to bring around 5 crore such informal micro units into the formal ambit and benefit under priority sector lending by banks, said a report by the State Bank of India (SBI) on Monday. UAP is essentially a formalisation project by the MSME ministry with SIDBI as its implementing agency to complement the Udyam registration portal of the ministry for MSMEs. The portal was inaugurated with the registration of 8 lakh micro enterprises. "The number of GST registrations in India is about 1.40 crore whereas the current MSME units registered under the Udyam Certification is about 1.33 crore, which ideally should be equivalent to 1.40 crores. However, it is not because many micro units may not have been able to register as MSME due to paperwork involved and thus remained out of the MSME ambit," the report on MSME sector post Covid authored by SBI's Group Chief Economic Adviser Soumya Kanti Ghosh said.

<https://www.financialexpress.com/industry/sme/msme-tech-5-crore-informal-micro-units-can-potentially-be-formalised-with-govts-new-udyam-assist-portal-sbi-report/2957398/>

'Two-wheeler sales on recovery path, Set to grow more in FY24'

Sales of motorcycles and scooters are on a recovery path and the growth will accelerate in the upcoming financial year, said the managing director of Honda Motorcycle & Scooter India (HMSI), the country's second largest two-wheeler maker. Consumer sentiment in rural India, though, is yet to recover fully and sales in these markets have declined, Atsushi Ogata told ET. "However, we have seen some green shoots this festive season and expect both rural and urban centres to grow next fiscal." Rural markets currently contribute a third of sales at the local two-wheeler unit of Japan's Honda Motor. Sales of two-wheelers in the Indian market have fallen by nearly a third in fiscal 2022 from the peak of 21 million units in FY19, amid higher cost of ownership. Acquisition cost of two-wheelers has risen by about a third in the past couple of years. A sharp increase in fuel prices has further increased the ownership cost, denting demand, especially in the entry-level segment.

<https://economictimes.indiatimes.com/industry/auto/two-wheelers-three-wheelers/two-wheeler-sales-on-recovery-path-set-to-grow-more-in-fy24/articleshow/97260876.cms>

Bureau of Energy Efficiency to discuss penalty provision with Auto Cos

The Bureau of Energy Efficiency (BEE), a statutory body under the Ministry of Power, has called a meeting of auto industry stakeholders on Tuesday to discuss the queries and suggestions made by manufacturers on the penalty provision in the Energy Conservation Amendment Act, 2022. ET has seen the letter written by BEE director Saurabh Didi to the industry stakeholders. Among other things, the meeting has also been called to discuss offsetting of credits earned in Phase I for compliance of the regulations in Phase II. The meeting is critical given that the deadline for submitting the scores under the second phase of corporate average fuel economy regulations (CAFE II) is drawing closer and there is a hefty penalty involved in the event of non-compliance.

<https://economictimes.indiatimes.com/industry/auto/auto-news/bureau-of-energy-efficiency-to-discuss-penalty-provision-with-auto-cos/articleshow/97265300.cms>

Sale of winter products, including appliances and garments, picks up after weak start

After a weak start due to delayed onset of winter, sales of winter-related fast-moving consumer goods, appliances and garments picked up since the last week of December, with year-on-year business up 25-30%, several leading companies said. This, they said, will lead to a further recovery of the market in the quarter through March. This has come as a relief for consumer goods makers as sales in November were dull and most of December. The winter period — December-January — is crucial for categories like skin cream, moisturiser, chyawanprash, tea, coffee, winter wear and room and water heaters, accounting for up to 80% of their annual sales depending on the category.

<https://economictimes.indiatimes.com/industry/cons-products/durables/sale-of-winter-products-including-appliances-and-garments-pick-up-after-weak-start/articleshow/97257111.cms>

India Inc: Need to ensure resilience in global value chains

India Inc on Monday highlighted the need to restore resilience in the global value chain ecosystem which has been impacted by the pandemic, geopolitical tensions and trade restrictions, while calling for an inclusive transition towards "net zero" to avoid accentuation of social inequality challenges. "Bilateral trade tensions among major trading blocs have intensified, leading to an imposition of rising tariffs and sanctions," Tractors and Farm Equipment Ltd chairperson Mallika Srinivasan said at the B20 inception conference here. "The outbreak of the recent military conflict led to a variety of restrictive measures, which significantly impacted global supply chains."

<https://economictimes.indiatimes.com/news/company/corporate-trends/india-inc-need-to-ensure-resilience-in-global-value-chains/articleshow/97260039.cms>

Wheat shortage leaves small processors and snacks makers worried

A shortage of wheat, atta and maida in the market has left small and mid-sized wheat processing and wheat-based snacks companies worried, even as several small atta chakkis have closed businesses while mid-sized mills are running at 50-70% capacity. Wheat prices have touched an all-time high of ₹32/kg in Delhi, up by about 7% in two weeks. This has put small and mid-sized wheat processing companies, which own regional and local brands or does

contract manufacturing for big corporate brands, as well as wheat-based snacks makers under pressure with many fearing rising prices and shortage of wheat, atta and maida may throw them out of business.

<https://economictimes.indiatimes.com/industry/cons-products/food/wheat-shortage-leaves-small-processors-and-snacks-makers-worried/articleshow/97259958.cms>

Agriculture

Agri Infrastructure Fund crosses Rs 30,000-cr mark of capital mobilisation

Within two-and-a-half years of the implementation of the Agriculture Infrastructure Fund (AIF), the scheme has mobilized more than Rs 30,000 crore for projects in the agriculture infrastructure sector with a sanctioned amount of Rs 15,000 crore under AIF. According to officials, with support of 3 per cent interest subvention, credit guarantee support through CGTMSE for loan of upto Rs 2 crore and facility of convergence with other Central and state government scheme, AIF is providing all around financial support to the farmers, agri-entrepreneurs, farmer groups like Farmer Producer Organisations (FPOs), Self Help Groups (SHGs), AJoint Liability Groups (JLGs) etc. and many others to create post-harvest management infrastructure and build community farming asset throughout the country.

https://www.business-standard.com/article/economy-policy/agri-infrastructure-fund-crosses-rs-30-000-cr-mark-of-capital-mobilisation-123012300734_1.html

Agritech sector seeks tax sops, cheaper credit

Agritech sector executives called for tax sops and subsidised credit from the government in the upcoming Union budget, arguing that the measures would help expedite private sector investment in agriculture and enable farmers to protect their crops from the effects of climate change. Prioritising effective warehouse management and expanding finance availability will also aid farmers in safeguarding their harvest from external threats, they said. Shortcomings in post-harvest infrastructure are often critical factors in determining how much food is lost in the supply chain. A lack of processing equipment, driers, cold chain facilities and storage often leads to the unnecessary loss of produce, said the executives.

<https://economictimes.indiatimes.com/news/economy/agriculture/budget-2023-agritech-sector-seeks-tax-sops-cheaper-credit/articleshow/97233371.cms>

Telecom

What telecom industry expects from Budget 2023: Tax benefits, centralised registration process, and more

The Telecom industry is seeking government support for the expansion of infrastructure, such as the rollout of 5G networks and the development of internet connectivity in rural areas. Additionally, it is also expecting tax benefits to encourage investment in the industry, and regulations that promote fair competition and protect consumer interests. The Cellular Operators Association of India (COAI), an Indian non-governmental trade association and advocacy group focused mainly on the telecommunications industry, has made some crucial recommendations to the government ahead of the Budget to help elevate the telecom sector. The Telecom industry is seeking government support for the expansion of infrastructure, such as the rollout of 5G networks and the development of internet connectivity in rural areas. Additionally, it is also expecting tax benefits to encourage investment in the industry, and regulations that promote fair competition and protect consumer interests. The Cellular Operators Association of India (COAI), an Indian non-governmental trade association and advocacy group focused mainly on the telecommunications industry, has made some crucial recommendations to the government ahead of the Budget to help elevate the telecom sector.

<https://www.financialexpress.com/budget/what-telecom-industry-expects-from-budget-2023-tax-benefits-centralised-registration-process-and-more-2957366/>

Healthcare

Govt launches U-WIN to digitise India's universal immunisation programme

Carrying vaccination cards of children and pregnant women, struggling to keep a tab on the next jab and other such hassles may soon become a thing of the past. After the success of the Co-WIN platform, the government has now

replicated it to set up an electronic registry for routine vaccinations. Named U-WIN, the programme to digitise India's Universal Immunisation Programme (UIP) has been launched in a pilot mode in two districts of each state and Union Territory. The platform will be used to register and vaccinate every pregnant woman, record her delivery outcome, register every newborn delivery, administer birth doses and all vaccination events thereafter, official sources told PTI.

https://www.business-standard.com/article/economy-policy/govt-launches-u-win-to-digitise-india-s-universal-immunisation-programme-123012300963_1.html

External

India's crude imports hit 5-month high in December on cheap Russian supply

India's crude oil imports rose to a five-month high in December, government data showed on Monday, as refiners stocked up discounted Russian fuel amid a steady increase in consumption in the country. Crude imports for the month were up 2.7% from November at 19.52 million tonnes, according to data from the Petroleum Planning and Analysis Cell. On a yearly basis, imports were down 0.7% in December. Russia continued to be the top oil supplier to India in December, shipping a record 1.25 million barrels per day (bpd).

https://www.business-standard.com/article/economy-policy/india-s-crude-imports-hit-5-month-high-in-december-on-cheap-russian-supply-123012301134_1.html

India plans to cut gold import duty to arrest smuggling

India is expected to slash the import duty on gold to undercut smugglers who have been offering hefty discounts as illicit imports boom after COVID-19, denting the market share of banks and refiners, government and industry officials told Reuters. A cut in the import duty by the world's second-biggest consumer could lift retail sales by making gold cheaper ahead of peak demand season and support global prices. It could also revive operations of domestic gold refineries, who have seen their business wither over the past two months as they are unable to compete with grey-market operators.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-plans-to-cut-gold-import-duty-to-arrest-smuggling/articleshow/97249579.cms>