



February 06, 2023 – Monday

## Economy

### Rural job scheme spend tops BE, but low allocation cause for concern

The lowering of the allocation under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) for FY24 — by almost 18 per cent over the Budget Estimate for FY23 and nearly 33 per cent over the Revised Estimate for the same fiscal year — hinges on two assumptions. One, according to senior government officials, is that as economic activities gather strength, demand will come down. Second, being a demand-driven scheme, the allocation can be stepped up during the year, as regularly done in the past. The officials, according to published reports, also argue the extra allocation for rural housing (Pradhan Mantri Awas Yojana-Grameen) and the drinking-water programme is expected to wean away significant chunks of manual casual labour from the scheme because the catchment area for these is almost identical.

[https://www.business-standard.com/article/economy-policy/rural-job-scheme-spend-tops-be-but-low-allocation-cause-for-concern-123020500526\\_1.html](https://www.business-standard.com/article/economy-policy/rural-job-scheme-spend-tops-be-but-low-allocation-cause-for-concern-123020500526_1.html)

### Tougher riders for capex loans to states in FY24

The Centre has decided to subject sanction and release of the `1.3-trillion capex loan to states in FY24 to much more stringent conditions than for the corresponding facility in the current financial year. According to official sources, there are two objectives behind the move: ensuring these 50-year interest-free loan actually result in incremental capex growth in all states, rather than being used by them instead of their own funds for productive spending and encouraging reforms in assorted areas by using these funds as a lure. A third of the `1.3 trillion capex loans to state governments in FY24 announced in the recent Budget will be tied to various conditions, as against a fifth of the `1 trillion loan (revised estimate `76,000 crore) allocated in the current year, the sources said.

<https://www.financialexpress.com/economy/tougher-riders-for-capex-loans-to-states-in-fy24/2972065/>

## Banking and Finance

### RBI redies draft bill for NFIR; to improve accessibility, affordability of loans: DEA Secy Ajay Seth

Economic Affairs Secretary Ajay Seth has said that the Reserve Bank of India (RBI) has prepared a draft Bill for setting up a National Financial Information Registry (NFIR) with a view to improve accessibility and affordability of loans. The proposal to set up a credit repository was discussed by Finance Minister Nirmala Sitharaman at the meeting of the Financial Stability and Development Council in September, he said. The Reserve Bank has already prepared the draft bill which is currently being deliberated upon, Seth told PTI in a post-budget interaction.

<https://economictimes.indiatimes.com/news/economy/policy/rbi-redies-draft-bill-for-nfir-to-improve-accessibility-affordability-of-loans-dea-secy-ajay-seth/articleshow/97619349.cms>

### RBI likely to settle for 25 basis points repo rate hike: Experts

With retail inflation showing signs of softening and the US Fed moderating the pace of increase in its benchmark interest rate, the Reserve Bank is likely to settle for a smaller 25 basis points repo rate hike in its forthcoming bi-monthly monetary policy due later this week. In its December monetary policy review, the central bank had raised the key benchmark interest rate (repo) by 35 basis points (bps) after delivering three back-to-back increases of 50

bps. Since May last year, the Reserve Bank has increased the short-term lending rate by 225 basis points to contain inflation, mostly driven by external factors, especially global supply chain disruption following the Russia-Ukraine war outbreak. RBI's rate-setting panel – Monetary Policy Committee (MPC) – will start its three-day deliberations on the next set of monetary policy on Monday. The decision will be announced on February 8.

<https://www.financialexpress.com/economy/rbi-likely-to-settle-for-25-basis-points-repo-rate-hike-experts/2971883/>

#### **Govt likely to put on hold proposal to revamp the capital gains tax regime**

The government is likely to put on hold the proposal to revamp the capital gains tax regime because such a move may affect market sentiment amid global uncertainties, said a senior finance ministry official.

[https://www.business-standard.com/article/finance/govt-likely-to-put-on-hold-proposal-to-revamp-the-capital-gains-tax-regime-123020500735\\_1.html](https://www.business-standard.com/article/finance/govt-likely-to-put-on-hold-proposal-to-revamp-the-capital-gains-tax-regime-123020500735_1.html)

#### **Companies may find it costlier to raise funds overseas**

India Inc's foreign borrowing costs could rise with the possible end of a decade of tax breaks that kept the external commercial borrowing (ECB) issuances market buoyant. The government is not inclined to extend the tenure of concessional withholding tax rate for foreign portfolio investors (FPIs) participating in debt markets, which ends on June 30, said a senior government official. Overseas lenders will have to pay as much as 20% tax on interest earned on loans made to Indian companies starting July 1 and are likely to pass on the costs to borrowers, according to more than a dozen executives. The increased withholding tax rate would impact several big-ticket foreign funds, said market experts.

<https://economictimes.indiatimes.com/markets/stocks/news/companies-may-find-it-costlier-to-raise-funds-overseas/articleshow/97632004.cms>

### **Industry**

#### **5.2 lakh CSCs, 1.5 lakh India Post Offices being trained to support last-mile sellers, buyers on GeM: Govt**

Over 5.2 lakh Common Service Centers [CSC] and around 1.5 lakh India Post offices across the country are being trained to boost the adoption of the public procurement portal Government eMarketplace (GeM), said the Minister of State for Commerce and Industry Anupriya Patel. CSCs and India Post offices will assist last-mile government buyers, sellers and service providers with support such as registration on the portal, preparing and uploading product catalogue and its management, accepting and fulfilling orders, and generating invoice, Patel said in reply to a Parliament Question during the ongoing budget session. GeM has signed a memorandum of understanding with Common Service Centre e-Governance Services India (CSC-SPV) and the Department of Post for the advocacy, outreach, mobilization, and capacity-building of last-mile government buyers, sellers and service providers in public procurement through the GeM portal, Patel added.

<https://www.financialexpress.com/industry/sme/msme-eodb-5-2-lakh-cscs-15-lakh-india-post-offices-being-trained-to-support-last-mile-sellers-buyers-on-gem-govt/2971865/>

#### **Crude steel output grows to 124 MT in 2022; consumption rises: Report**

India's crude steel production rose by 5.80 per cent to 124.45 million tonne (MT) in 2022, according to SteelMint. The country had produced 117.63 MT crude steel in 2021, the market research firm said. The production of finished steel was at 110.03 MT, up from over 104.54 MT a year ago, SteelMint said in its latest report. The consumption of finished steel rose to 106.48 MT, as against 98.39 MT in 2021, a year-on-year rise of 8 per cent. SteelMint attributed the increase in output and consumption to "continuous focus of the government on the infrastructure sector."

[https://www.business-standard.com/article/economy-policy/crude-steel-output-grows-to-124-mt-in-2022-consumption-rises-report-123020500443\\_1.html](https://www.business-standard.com/article/economy-policy/crude-steel-output-grows-to-124-mt-in-2022-consumption-rises-report-123020500443_1.html)

#### **Import duty removal expected to help put India on world map as auto testing hub**

To encourage foreign automakers to test their vehicles in India, the Centre has decided to remove import duty on automobiles brought in for testing at its agencies such as International Center for Automotive Technology (iCAT) and Automotive Research Association of India (ARAI). Foreign automakers have to pay a high import duty of 252% on the vehicles they bring into the country for testing. Minister for heavy industries Mahendra Nath Pandey on Saturday

said the move will make vehicle testing competitive and will support the development of a testing hub in India. His remark came at a media interaction on the sidelines of an exposition on clean mobility at iCAT in Manesar. <https://economictimes.indiatimes.com/industry/auto/auto-news/import-duty-removal-expected-to-help-put-india-on-world-map-as-auto-testing-hub/articleshow/97628041.cms>

#### **FMCG makers see shoots of revival in rural mkt, increase marketing spends**

Major FMCG companies feel the demand slump has bottomed out and there are green shoots of recovery in the rural markets, which has been under stress since the last few quarters. With abating commodity price pressures, firms such as HUL, Godrej Consumer Products Ltd (GCPL), Dabur, Marico and Emami expect a gradual recovery in consumption going forward and are increasing upfront marketing investments in advertising and promotion (A&P). In the third quarter ended December 31, 2022, the companies reported growth in the urban markets. Modern trade channels and e-commerce also posted growth. But FMCG sales from traditional trade channels such as kirana stores were flat.

[https://www.business-standard.com/article/companies/fmcmakers-see-shoots-of-revival-in-rural-mkt-increase-marketing-spends-123020500431\\_1.html](https://www.business-standard.com/article/companies/fmcmakers-see-shoots-of-revival-in-rural-mkt-increase-marketing-spends-123020500431_1.html)

#### **India's Budget to sustain demand for corporates: Fitch Ratings**

The higher spending, tax cuts and supportive policies announced in India's Budget for 2023-24 are expected to support sustained demand growth and improve the longer-term prospects for corporates, said Fitch Ratings. "We believe the tax cuts will boost consumer sentiment and maintain consumption growth, amid expectations of slower economic growth after the financial year ending 31 March 2023 (FY23)," said the rating agency after India presented on February 1 its annual Budget for the next financial year.

<https://economictimes.indiatimes.com/news/economy/indicators/indias-budget-to-sustain-demand-for-corporates-fitch-ratings/articleshow/97620261.cms>

### **Infrastructure**

#### **Centre's in-principle approval for Pune-Nashik high speed rail connectivity: Devendra Fadnavis**

Maharashtra Deputy Chief Minister Devendra Fadnavis on Sunday said the Ministry of Railways has accorded "in principle approval" for the Pune-Nashik high-speed rail project. Fadnavis made the announcement after a meeting with Railway Minister Ashwini Vaishnaw here. "I thank the Railway minister for granting in-principle approval to the Pune-Nashik high-speed railway project," the Maharashtra deputy chief minister said. He said officials from Maharashtra and the railway ministry will make a technical appraisal of the project and then take the proposal to the Union Cabinet for approval.

<https://economictimes.indiatimes.com/industry/transportation/railways/centres-in-principle-approval-for-pune-nashik-high-speed-rail-connectivity-devendra-fadnavis/articleshow/97625293.cms>

### **Energy**

#### **Govt hikes windfall tax on crude oil, export of diesel, ATF**

The government has hiked windfall profit tax levied on domestically-produced crude oil as well as on the export of diesel and ATF, in line with firming international oil prices, according to an official order. The levy on crude oil produced by companies such as Oil and Natural Gas Corporation (ONGC) has been increased to Rs 5,050 per tonne from Rs 1,900 per tonne, the order dated February 3, said. Crude oil pumped out of the ground and from below the seabed is refined and converted into fuels like petrol, diesel and aviation turbine fuel (ATF). The government has also hiked the tax on export of diesel to Rs 7.5 per litre from Rs 5, and the same on overseas shipments of ATF to Rs 6 a litre from Rs 3.5 a litre. The new tax rates came into effect from February 4. The levy on both domestic crude oil and fuel exports is now off the lows it had hit last month.

<https://www.financialexpress.com/economy/govt-hikes-windfall-tax-on-crude-oil-export-of-diesel-atf/2971833/>

#### **India can tap opportunities in renewable energy sector: TN Finance Minister**

India, as a tropical country, can look forward to exploring opportunities in the renewable energy sector, Tamil Nadu Finance Minister Palanivel Thiagarajan said here on Sunday during a literary festival. The TN minister said East Asian countries, particularly South Korea and Japan, are looking forward to investing elsewhere when the world is recovering from COVID-19, adding that India can step up its engagements with global finance and reap the benefits. In a country like India, solar energy has great potential, Thiagarajan added. "India, as a tropical country, can look forward to exploring opportunities in the renewable energy sector. Tamil Nadu, for instance, has immense scope to generate wind energy. Up north, summers are long and the sun is out for long. Solar energy has great potential," he said.

<https://www.financialexpress.com/economy/india-can-tap-opportunities-in-renewable-energy-sector-tn-finance-minister/2972008/>

## States

### **Maharashtra to set up four circular economy parks for major industries**

Maharashtra will set up four circular economy parks for major industries and an enabling policy for the same will be ready by March and implemented from April, a senior state government official has said. These circular economy parks will primarily focus on recycling scrap and other wastes. The proposed parks will come up in Aurangabad, Ratnagiri, near Pune and Nagpur, the state's Principal Secretary for Steel and Mines Harshadeep Kamble said. Kamble was speaking to PTI here over the weekend on the sidelines of an international conference on material recycling organised by the Material Recycling Association of India. He said the government is planning a shipbreaking unit at Ratnagiri on the Konkan coast, an e-waste and auto parts unit near Pune, a steel scrap unit at Jalna near Aurangabad and a multipurpose multi-product unit in Nagpur given its geographical centrality.

<https://economictimes.indiatimes.com/news/economy/policy/maharashtra-to-set-up-four-circular-economy-parks-for-major-industries/articleshow/97622242.cms>

## External

### **India needs \$10 trillion till 2070 for energy transition at G20 meeting**

India will need a total \$10 trillion till 2070 for energy transition, top officials stressed at the first meeting of the G20 Committee on Energy Transitions in India. Addressing the press, Power Secretary Alok Kumar said low-cost financing had been a key focus of the meet being held in Bengaluru. The unanimous decision has been that while private capital needs to take the lead, the public sector also has to provide support to mitigate risks, Kumar said. He said while the power ministry had been given the charge of projecting the requirement of financing, the finance ministry would deal with foreign stakeholders in pushing those demands and ensuring the financing comes.

[https://www.business-standard.com/article/economy-policy/india-needs-10-trillion-till-2070-for-energy-transition-at-g20-meeting-123020500740\\_1.html](https://www.business-standard.com/article/economy-policy/india-needs-10-trillion-till-2070-for-energy-transition-at-g20-meeting-123020500740_1.html)

### **Foreign trade policy to focus on long-term strategy to boost exports**

With fast-evolving global developments affecting international trade, the government may roll out the much-awaited foreign trade policy (FTP) with a focus on India's long-term strategy on trade, people aware of the matter said.

[https://www.business-standard.com/article/economy-policy/foreign-trade-policy-to-focus-on-long-term-strategy-to-boost-exports-123020500512\\_1.html](https://www.business-standard.com/article/economy-policy/foreign-trade-policy-to-focus-on-long-term-strategy-to-boost-exports-123020500512_1.html)