



February 09, 2023 – Thursday

Key Developments

Sebi amends rules governing mode of payment by market intermediaries

Sebi has notified rules asking all market intermediaries and companies to make regulatory payments to it by way of direct credit into the bank account through digital payment systems. Under the rules, market intermediaries and companies are required to pay various fees to the Securities and Exchange Board of India (Sebi). In a notification, Sebi said that the fee can be paid to the regulator by way of direct credit into the bank account through digital payment systems — NEFT (National Electronic Funds Transfer), RTGS (Real-Time Gross Settlement), and IMPS (Immediate Mobile Payment Service) — or online payment using the Sebi Payment Gateway.

<https://www.financialexpress.com/market/sebi-amends-rules-governing-mode-of-payment-by-market-intermediaries/2975681/>

FinMin issues draft scheme for settling disputes related to govt contracts

The finance ministry on Wednesday came out with a draft scheme for settlement of pending disputes related to government contracts. Under the Vivad se Vishwas II (Contractual Disputes) scheme, contractors would be offered settlement amounts depending on the status of a dispute. In cases of disputes where court or arbitral order have been passed, the settlement amount would be 80 per cent or 60 per cent of the amount awarded by the court or the arbitral tribunal. With respect to cases of ongoing litigation for disputes arising out of contracts in which physical activity has been stopped or contracts terminated, the settlement amount would be 30 per cent of the net claim amount.

https://www.business-standard.com/article/economy-policy/finmin-issues-draft-scheme-for-settling-disputes-related-to-govt-contracts-123020801661_1.html

Economy

Competition Bill may propose levying penalty on firms' global turnover

The government will likely tweak the Competition Amendment Bill 2022 to propose that penalties on companies be calculated as a percentage of their global turnover instead of the current practice of levying it on their turnover within the country, it is learnt.

https://www.business-standard.com/article/economy-policy/competition-bill-proposes-levying-penalty-on-companies-global-turnover-123020801756_1.html

Indian households' inflation expectations moderating: RBI's January survey

Indian household's inflation expectations for the current period moderated by 20 basis points to 9.6%, while consumer confidence improved further, the results of the Reserve Bank of India's latest round of internal surveys conducted in January showed. India's annual retail inflation rate eased to 5.72% in December from 5.88% in the previous month, falling below the RBI's upper tolerance band of 2%-6% for a second straight month, though core inflation, which excludes more volatile food and fuel prices, was still running at 6.1%. "Inflation expectation of households rose by 10 basis points for the three-months-ahead period, whereas their one-year-ahead expectations

remained unchanged from the November 2022 round of the survey," the central bank said on Wednesday in its households' inflation expectations survey.

<https://economictimes.indiatimes.com/news/economy/indicators/indian-households-inflation-expectations-moderating-rbis-january-survey/articleshow/97736467.cms>

Banking and Finance

RBI hikes repo rates 25 bps as expected; MPC hints at more tightening

The Reserve Bank of India hiked its key repo rate by 25 basis points on Wednesday as expected but surprised markets by leaving the door open to more tightening, saying core inflation remained high. The central bank said that its policy stance remains focused on the withdrawal of accommodation. Most analysts had expected a hike on Wednesday to be the final increase in the RBI's current tightening cycle, which has seen it raise rates by 250 bps since May last year. The monetary policy committee (MPC), comprising three members from the central bank and three external members, raised the key lending rate or the repo rate to 6.50% in a split decision. Four of the six members voted in favour of the decision. "The global economic outlook does not look as grim now as it did a few months ago. Growth prospects in major economies have improved, while inflation is on a descent though still remains well-above target in major economies. The situation remains fluid and uncertain," RBI Governor Shaktikanta Das said while announcing the Monetary Policy Committee's rate decision. In a poll conducted ahead of the federal budget on Feb. 1, more than three-quarters of economists, 40 of 52, had expected the RBI to raise the repo rate by 25 bps. The remaining 12 predicted no change. The annual retail inflation rate eased to 5.72% in December from 5.88% in the previous month, falling below the RBI's upper tolerance band of 2%-6% for a second straight month.

<https://www.financialexpress.com/economy/rbi-hikes-repo-rates-25-bps-as-expected-mnc-hints-at-more-tightening/2974915/>

RBI to launch pilot project for QR-based coin vending machines in 12 cities

Reserve Bank of India (RBI) Governor Shaktikanta Das said on Wednesday that the central bank would launch a pilot project on QR code-based coin vending machines (QCVM). These vending machines will dispense coins against a debit to the customer's account using Unified Payments Interface (UPI) instead of physical tendering of banknotes. The pilot will be launched in 12 cities in the country, according to a report by ANI. "This will enhance the ease of accessibility to coins. Based on the learnings from the pilot, guidelines will be issued to banks to promote the distribution of coins using these machines," the governor said.

https://www.business-standard.com/article/finance/qr-based-coin-vending-machines-to-work-to-provide-easy-access-to-coins-123020801012_1.html

Reserve Bank announces guidelines on climate risk, sustainable finance

Based on analysis of feedback received on a July 2022 discussion paper on Climate Risk and Sustainable Finance, the Reserve Bank of India (RBI) on Wednesday issued certain guidelines to regulated entities. The guidelines consist of a broad framework for acceptance of green deposits, disclosure frameworks on climate-related financial risks and guidance on climate scenario analysis and stress testing, the RBI said today. "The Reserve Bank recognises that climate change can translate into climate-related financial risks for Regulated Entities (REs) which can have broader financial stability implications", the central bank said. The guidelines shall be issued in a phased manner and the RBI will dedicate a page on its website to consolidate all instructions and related communications on climate risk and sustainable finance.

https://www.business-standard.com/article/finance/reserve-bank-announces-guidelines-on-climate-risk-sustainable-finance-123020801776_1.html

Sebi proposes corporate governance norms for high value debt listed entity

Capital markets regulator Sebi on Wednesday proposed corporate governance norms pertaining to Related Party Transactions (RPTs) for a high-value debt-listed entity, with an outstanding value of listed non-convertible debt securities of at least Rs 500 crore. In its consultation paper, the Securities and Exchange Board of India (Sebi) has suggested the need to review the LODR Regulations, relating to RPTs and shareholders' approval for such related party transactions. The proposal comes after the regulator received requests from high value listed debt entities

(HVLDEs) regarding challenges faced by them in complying with the provision of the LODR Regulations that deals with corporate governance requirements for listed entities.

<https://www.financialexpress.com/market/sebi-proposes-corporate-governance-norms-for-high-value-debt-listed-entity/2975755/>

Fundraising gets tougher, 2023 super challenging for startups: Report

Amid a deepening funding winter, only 53 per cent of startup founders had a positive fundraising experience (71 per cent of those who attempted to raise) in 2022, down from 92 per cent in 2021, a report said on Wednesday. Founders expect this year to be challenging, with 58 per cent of founders expecting a tough fundraising environment, according to the report by InnoVen Capital, Asia's leading venture debt firm. Hiring is also expected to slow down with only 38 per cent of startup founders expecting a higher pace of hiring predominantly in early-stage companies. The report also highlighted that hiring good talent is still a challenge for founders.

https://www.business-standard.com/article/economy-policy/fundraising-gets-tougher-2023-super-challenging-for-startups-report-123020801183_1.html

Govt asks Irda & insurance cos to address concerns to reduce consumer cases

The government on Wednesday flagged six major issues, including ambiguity in insurance contracts and inflexible policy terms, before regulator IRDAI and other stakeholders, and urged them to address those to reduce the huge pendency of consumer cases. The other issues raised before the key stakeholders include lack of powers delegated to representatives of insurance companies to take decisions during out-of-the-court settlements, agents not sharing full policy documents with consumers at the time of signing of policy, repudiation of claims on the basis of pre-existing diseases and crop insurance claims tied up with a central scheme which is not flexible, it said. Currently, more than one-fifth of the total consumer complaints are pertaining to the insurance sector across the country.

https://www.business-standard.com/article/companies/govt-asks-irda-insurance-cos-to-address-six-major-concerns-to-reduce-pendency-of-consumer-cases-123020801329_1.html

Industry

Public procurement via GeM portal to cross Rs 2 lakh crore in FY23

Procurement of goods and services from government portal GeM is expected to cross Rs 2 lakh crore during this fiscal year on account of an increase in buying activities by different ministries and departments, a top official said on Wednesday. The procurement crossed Rs 1.5 lakh crore on February 1. CEO of the Government e-Market (GeM) P K Singh said huge potential is there in states and public sector undertakings to increase the buying from the platform. "After crossing Rs 1.5 lakh crore, we are aspiring for Rs 2 lakh crore for the full fiscal," Singh told reporters here. He added that through automation and digitisation of processes, GeM has led to higher process efficiencies, better information sharing, improved transparency, reduced process cycle times, and a higher level of trust among bidders, which in turn have resulted in greater competition and higher savings.

<https://www.financialexpress.com/economy/public-procurement-via-gem-portal-to-cross-rs-2-lakh-crore-in-fy23/2975211/>

Number of recognised startups rises to 86,713 in Dec 2022 from 445 in 2016

As many as 86,713 startups have been recognised by the government as on December 31, 2022, Parliament was informed on Wednesday. These startups are eligible to avail fiscal incentives under the Startup India action plan of the government. "As a result of sustained government efforts, the number of recognized startups has increased from 445 in 2016 to 86,713 in 2022 (as on December 31, 2022)," Minister of State for Commerce and Industry Som Parkash said in a written reply to the Lok Sabha.

https://www.business-standard.com/article/companies/number-of-recognised-startups-rises-to-86-713-in-dec-2022-from-445-in-2016-123020801392_1.html

Hike duty on edible oils to arrest price fall: FMCG companies

Fast-moving consumer goods companies want the government to increase the import duty on edible oils to stem the slide in prices, which have fallen over 15% in the past two months and have almost halved in the past year. They said the production of edible oils in the domestic as well as international market is ample and that if the government

does not increase import duty, then farmers will suffer as they will not get remunerative prices for their crops. The government reduced the duty on edible oils last year to keep prices in check. The Soybean Processors Association recently made a presentation to the commerce ministry, urging it to increase import duty on all types of edible oils. India annually imports 14-14.5 million tonnes of edible oils to meet its domestic demand.

<https://economictimes.indiatimes.com/industry/cons-products/fmcg/hike-duty-on-edible-oils-to-arrest-price-fall-fmcg-companies/articleshow/97747710.cms>

Pharma industry braces for tighter manufacturing-linked norms

In just six months, reports of three major global incidents, including deaths, have been potentially linked to pharmaceutical products sourced from India. The incidents, have put local manufacturing practices and supply chain management under fresh scrutiny. Since August 2022, “We believe there are approximately 300 deaths but data is still being collected from local authorities,” a World Health Organization spokesperson said. This includes the cough-syrup linked deaths reported from Gambia, Indonesia and Uzbekistan. Indian manufacturers Maiden Pharmaceuticals and Marion Biotech have been named in the Gambia and Uzbekistan incidents, respectively.

<https://www.thehindubusinessline.com/economy/pharma-industry-braces-for-tighter-manufacturing-linked-norms/article66485702.ece>

India's wearables market grew 47% on-year in 2022: IDC India

The Indian wearables market grew 47% on-year, shipping 100 million units in 2022, with Boat, Noise and OnePlus emerging as the top three players, according to an industry report. The second half of the year accounted for 60% of shipments, coinciding with the festive season which saw several new product launches, combined with offers and discounts across channels, IDC India said in a report. Among wearables, the share of smartwatches grew from 17.9% in 2021 to 30.7% in 2022, at the cost of smart wristbands, which declined by 73.2% on-year. A total of 30.7 million basic and advanced smartwatches were shipped last year, a growth of 151.3% on-year, as the average selling prices continued to decline from \$61.2 in 2021 to \$42.5 last year.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/indias-wearables-market-grew-47-on-year-in-2022-idc-india/articleshow/97735086.cms>

Infrastructure

‘Hungry for Cargo’: Indian Railways earns Rs 1,35,387 crore from freight transportation in FY 2022-23 till January

In a major impetus to the ‘Hungry for Cargo’ initiative, Indian Railways is yielding positive results. During the financial year 2022-23, the national transporter witnessed a hike of 16 percent as compared to the same period last year (till January 31, 2023). The loading for the first ten months of the current fiscal crossed last year’s loading and earnings for the corresponding period. The railways has earned Rs 1,35,387 crore from freight transportation till last month, against Rs 1,17,212 crore over last year during the same period. According to the cumulative basis from April – January 23, it has transported materials weighing 1,243.46 metric tonnes against 1,159 metric tonnes last year, achieving an improvement of seven percent.

<https://www.financialexpress.com/infrastructure/railways/hungry-for-cargo-indian-railways-earns-rs-135387-crore-from-freight-transportation-in-fy-2022-23-till-january/2974745/>

Indian airlines likely to order up to 1,700 planes in next 2 yrs: CAPA

Indian carriers are likely to place orders for 1,500 to 1,700 planes in the next one to two years and Air India is expected to make the first move with a potential order for 500 aircraft, aviation consultancy CAPA said on Wednesday. The total commercial Indian fleet of around 700 aircraft is smaller than some of the world’s largest individual airlines, CAPA said, adding that given the immense potential that exists, it stands to reason that there is a need to induct more aircraft. In a report, CAPA said the Indian market in the post-COVID era is attracting global attention as arguably the most promising aviation market. Almost every carrier in India is expected to order more aircraft in the next couple of years for fleet replacement as well as growth, given that the order book for most incumbent carriers could be considered conservative relative to the growth potential of the market over the next decade and beyond, it said.

https://www.business-standard.com/article/companies/indian-airlines-likely-to-order-up-to-1-700-planes-in-next-2-yrs-cap-123020801702_1.html

Energy

Govt homes in on Rs 25,000 crore projects for green financing

The government has identified projects worth ₹25,000 crore that will be financed by proceeds from sovereign green bonds issued in the current fiscal and the next as part of its green-funding push, officials said. The projects already identified for green financing are largely in renewable energy and clean transportation segments, one of them said. "This money is being raised for a very specific purpose, so it will be utilised strictly in stipulated green projects," he said, adding that more green projects are expected to be identified for funding later. A green finance working panel, headed by chief economic adviser V Anantha Nageswaran, has been mandated to select projects from the proposals submitted by various government departments.

<https://economictimes.indiatimes.com/industry/renewables/govt-homes-in-on-rs-25000-crore-projects-for-green-financing/articleshow/97747556.cms>

Fuel demand slips in January from nine-month peak on back of lower mobility

India's fuel demand slipped in January after hitting a nine-month peak in December, hit by lower mobility due to cold weather in parts of the country and a slowdown in industrial activity. Consumption of fuel, a proxy for oil demand, was about 4.6% lower than the previous month at 18.7 million tonnes in January, data from Indian oil ministry's Petroleum Planning and Analysis Cell (PPAC) showed on Wednesday. Sales of diesel fell 7.6% in January from a month ago to 7.18 million tonnes, while sales of gasoline, or petrol, fell 5.3% to 2.82 million tonnes, the PPAC data showed. "Festive season is over, and cold temperatures might have played a role," said Refinitiv analyst Ehsan Ul Haq. India's manufacturing industry started the year on a weaker note, expanding at its slowest pace in three months in January as output and sales growth slackened, a private survey showed.

https://www.business-standard.com/article/economy-policy/fuel-demand-slips-in-january-from-nine-month-peak-on-back-of-lower-mobility-123020801967_1.html

Coal demand estimated to reach 1,087 million tonnes in current fiscal year

Demand for coal is estimated to reach 1,087 million tonne in the ongoing financial year, Parliament was informed on Wednesday. As against the increased coal demand, domestic production of the fossil fuel has also increased. "For the current year 2022-23, coal demand has been assessed by the Ministry (coal) to reach 1,087 MT," Coal Minister Pralhad Joshi said in a written reply to the Lok Sabha. The actual demand for coal increased to 1,027.92 million tonne (MT) in FY22 from 906.13 MT in FY21.

https://www.business-standard.com/article/economy-policy/coal-demand-estimated-to-reach-1-087-million-tonnes-in-current-fiscal-year-123020801410_1.html

Telecom

Telecom companies plan marketing blitz to push 5G during IPL

Telecom companies are expected to spend Rs 350-400 crore on marketing and advertising during this year's Indian Premier League (IPL) as telcos and handset makers push their 5G related offerings. The telcos will lead the marketing spending at Rs 240-280 crore across digital and television advertising, with the rest coming from handset makers, said media planners. Reliance Jio and Bharti Airtel are expected to lead the telco spending, with Vodafone Idea making some investments as well. "All service providers will look at the IPL this year for communication around 5G. I would expect TV and digital to be at par in their (media buying) strategies since the reach of digital is expected to be massive," said Rammohan Sundaram, country head-integrated media, DDB Mudra Group.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/telecom-companies-plan-marketing-blitz-to-push-5g-during-ipl/articleshow/97747452.cms>

States

Urban areas in Odisha to get 5G, 1,814 villages to get 4G by December

All urban areas in Odisha will get 5G connectivity while 1,814 villages will get 4G network by December 2023, an official said on Wednesday. 5G connectivity was launched on January 5 in Odisha with services in Cuttack and

Bhubaneswar through 510 BTSs (base terminal stations). "There is a target to cover every village in the country irrespective of the population with at least 4G by December through various USOF (Universal Service Obligation Fund) projects fully supported and funded by the government of India. Currently, 7113 uncovered villages without 4G will be covered by December 2023 through different projects in Odisha," Department of Telecom's deputy director-general BK Nayak said. He further said that it is in the rollout phase now to cover all major cities by March this year and all cities and towns by December. "At present, 13 districts are being served with 5G services by Reliance Jio and nine districts by Airtel 13 districts are being served with 5G services by Reliance Jio and nine districts by Airtel," he also said.

https://www.business-standard.com/article/current-affairs/urban-areas-in-odisha-to-get-5g-1-814-villages-to-get-4g-by-december-123020900036_1.html

Maha Budget session from February 27 to March 25; to be tabled on March 9

The budget session of the Maharashtra legislature will be held from February 27 to March 25 and the state's budget for fiscal 2023-24 will be presented on March 9, a government release said on Wednesday. This will be the first budget of the government led by Eknath Shinde, who broke away from the Shiv Sena last June and joined hands with the Bharatiya Janata Party. Deputy Chief Minister and state finance minister Devendra Fadnis will present the budget, it said. On the first day of the session on February 27, the newly recognised state song 'Jai Jai Maharashtra Majha' will be played, said the release. The decision on the budget session was taken at a meeting of the Business Advisory Committee of the assembly, chaired by Speaker Rahul Narvekar and Neelam Gorhe, deputy chairman of the Legislative Council, said the release.

https://www.business-standard.com/article/economy-policy/maha-budget-session-from-february-27-to-march-25-to-be-tabled-on-march-9-123020801061_1.html

External

India may extend wheat export ban to preserve local supplies: Govt sources

India is considering extending a ban on wheat exports as the world's second-biggest producer seeks to replenish state reserves and bring down domestic prices, government sources said. The current ban was scheduled to be reviewed in April and top government officials from food, farm and trade ministries are likely to make a decision on an extension by the end of March, or early April, government and industry sources said, adding they don't expect wheat exports to resume until mid-2024.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-may-extend-wheat-export-ban-to-preserve-local-supplies-govt-sources/articleshow/97740084.cms>

Basmati exports increase as Iran, Saudi, UAE make 50% of total shipments

India's basmati rice exports surged 17 per cent in volume during the first three quarters of the current fiscal, while exporters are earning at least 20 per cent more on average in overseas markets as Iran, Saudi Arabia, and the UAE together bought half of India's total shipments of the aromatic rice. According to the latest data from the Agricultural and Processed Food Products Export Development Authority (APEDA), the shipments of basmati rice increased to 3.2 million tonnes (mt) in April-December of the current fiscal from 2.74 mt in the year-ago period. However, in terms of value, the surge was 40 per cent to \$3.34 billion from \$2.38 billion. Due to the depreciating rupee, the growth is even higher – 50.5 per cent - in Indian currency, at ₹26,591 crore against ₹17,664 crore. In fact, export realisation in basmati rice increased to \$1,044 per tonne this fiscal from \$868 per tonne a year ago.

<https://www.thehindubusinessline.com/economy/agri-business/basmati-exports-increase-as-iran-saudi-uae-make-50-of-total-shipments/article66486040.ece>

India-Pakistan trade stood at USD 1.35 billion during April-December 2022

The bilateral trade between India and Pakistan has increased to USD 1.35 billion during April-December 2022 as against USD 516.36 million in the whole 2021-22, Parliament was informed on Wednesday. Similarly, the country's trade with China has aggregated at about USD 87 billion during the nine-month period of this fiscal, according to the data provided by Minister of State for Commerce and Industry Anupriya Patel in a written reply to the Lok Sabha. "The government continues to engage pro-actively with SAARC countries to strengthen trade and economic relations. Issues impacting bilateral trade raised by these countries are taken up for an early resolution," she said.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-pakistan-trade-stood-at-usd-1-35-billion-during-april-december-2022/articleshow/97737133.cms>

Steel exports up 33% in January, but halved y-o-y in April-January period

Indian steel exports witnessed improved sentiments in January, two months after export duty was waived. Exports rose 33 per cent over December to 0.59 million tonne (mt) though on a y-o-y basis, exports slipped 28 per cent.

<https://www.thehindubusinessline.com/markets/commodities/steel-exports-witnessed-improved-sentiments-in-jan-but-halved-y-o-y-in-april-january-period/article66486013.ece>