



April 12, 2023 – Wednesday

Key Developments

RBI announces guidelines to accept green deposits by banks, NBFCs

The Reserve Bank of India (RBI) on Tuesday announced a framework for accepting 'green deposits' by banks and deposit-taking non-banking finance companies (NBFCs). The central bank has identified nine sectors in which the proceeds from these green bonds must be used. They include renewable energy and green transport. "The green deposits shall be denominated in Indian Rupees only," the framework said. While some of the banks and NBFCs have already started to accept green deposits, RBI has now decided to put out a framework, "with a view to fostering and developing a green finance ecosystem in the country", the regulator said. BI announces guidelines to accept green deposits by banks, NBFCs.

https://www.business-standard.com/economy/news/rbi-announces-a-framework-for-accepting-green-bonds-deposits-123041100872_1.html

Economy

IMF cuts India's FY24 GDP forecast to 5.9%

The International Monetary Fund pared its forecast for India's growth to 5.9% from 6.1% for the current fiscal year, while painting a bleak picture for the world economy battling tightening financing conditions even as the Russia-Ukraine war rages on and the pandemic lingers. "Over the medium term, the prospects for growth now seem dimmer than in decades," the IMF said in its flagship World Economic Outlook, lowering the global growth forecast for 2023 to 2.8% from 2.9% estimated earlier and sharply lower than the 3.4% expansion in 2022. In January, the multilateral lender had predicted India's gross domestic product to grow 6.1% in FY24 and 6.8% in FY25. The forecast for FY25 has now been cut by half-a-percentage point to 6.3%. Despite the cut, India will be the fastest-growing economy over the next two years.

<https://economictimes.indiatimes.com/news/economy/indicators/imf-cuts-indias-fy24-gdp-forecast-to-5-9/articleshow/99411127.cms>

India wants key supply-chain role as firms shift from China

India seeks to be more involved in world supply chains and serve as an alternative to China through output-incentive plans and the growth of its domestic consumer market, Finance Minister Nirmala Sitharaman said. So-called production-linked incentive schemes covering 13 manufacturing sectors including for semiconductors "are bringing in global value chains into India," Sitharaman said at the Peterson Institute for International Economics. "By doing that, we hope to have production of many of these large, bulk-manufactured goods which can go from India" to meet both international and local demand, she said.

<https://economictimes.indiatimes.com/small-biz/trade/exports/insights/india-wants-key-supply-chain-role-as-firms-shift-from-china/articleshow/99395205.cms>

Experts caution overlap in DIB legislation, fear regulatory overreach

A number of overlaps have been highlighted between the current and proposed laws, such as the upcoming Digital India Bill (DIB), which, if passed, will replace the Information Technology Act, the Competition Act, and the Consumer

Act. This has caused concern among experts, who are saying that the situation may result in over-compliance and regulatory overreach, a report published by The Economic Times (ET) said. In order to remove any confusion, industry experts want the government to step in and create a sync between various legislations. This is expected to bring clarity and facilitate the ease of doing business for tech companies. Speaking on the subject, the Minister of State for Electronics and IT Rajeev Chandrasekhar said that the government will take a decision regarding this matter https://www.business-standard.com/technology/tech-news/experts-caution-overlap-in-dib-legislation-fear-regulatory-overreach-123041100330_1.html

India will use G20 narrative to push its digital transformation story to world, says Amitabh Kant

India's G20 sherpa Amitabh Kant on Tuesday said India will use the G20 narrative to push its digital transformation story to the rest of the world with an objective of transforming the lives of people in the Global South. Addressing the 8th National Leadership Conclave held by All India Management Association (AIMA) here, he highlighted that globally there are 4 billion people who are without a digital identity and two and a half billion people do not even have a bank account.

<https://www.financialexpress.com/economy/india-will-use-g20-narrative-to-push-its-digital-transformation-story-to-world-says-amitabh-kant/3042355/>

White-collar job posting activity witnesses two per cent growth in March: Report

White-collar hiring in India witnessed a 2 per cent year-on-year growth in March, mainly driven by demand in retail, telecom and tourism sectors, a report said on Tuesday. However, on a month-on-month basis, job posting activity declined by 1 per cent as several sectors slowed down their hiring processes, the report added. Foundit Insights Tracker (FIT) report showed that the 2 per cent increase in hiring was due to a growing demand for talent across key sectors, such as retail, telecom and travel and tourism on an annual basis (March 2023 vs March 2022).

<https://economictimes.indiatimes.com/jobs/hr-policies-trends/white-collar-job-posting-activity-witnesses-two-per-cent-growth-in-march-report/articleshow/99413707.cms>

Banking and Finance

DPIIT in talks with IBA to improve banks' outreach to start-ups

The Department for Promotion of Investments and Internal Trade (DPIIT) is in discussions with the Indian Banks Association (IBA) on ways to get banks to reach out to Indian start-ups to understand their financial requirements and help improve penetration of branches across sectors and cities, said a senior official. The government has also allayed fears of a possible start-up funding crunch in India, following the collapse of the Silicon Valley Bank, as programmes such as the start-up fund-of-funds, credit guarantee and seed fund schemes, were providing resilience to the eco-system.

<https://www.thehindubusinessline.com/money-and-banking/dpiit-in-talks-with-iba-to-improve-banks-outreach-to-start-ups/article66725138.ece>

NSE Indices launches India's first REITs & InvITs index with six securities

NSE Indices on Tuesday launched a new index that will track the overall performances of listed real estate investment trusts (REITs) and infrastructure investment trusts (InvITs). The weights of securities in the index will be determined by their free-float market capitalisation, with the exposure to a particular REIT or InvIT being capped at 33 per cent. Also, the aggregate weight of the top-three securities is capped at 72 per cent. At present, there are six securities in the index, with Embassy Office Parks Reit having the highest weightage at 33 per cent. Powergrid Infrastructure Investment has the second highest weight, at 20 per cent.

https://www.business-standard.com/markets/news/nse-indices-launches-india-s-first-reits-invits-index-check-details-123041100629_1.html

I-T dept notifies Cost Inflation Index for current fiscal

The Income Tax Department has notified the Cost Inflation Index for the current fiscal beginning April 2023, for calculating long-term capital gains arising from sale of immovable property, securities and jewellery. The Cost Inflation Index (CII) is used by taxpayers to compute gains arising out of sale of capital assets after adjusting inflation.

The Cost Inflation Index for FY 2023-24 relevant to AY 2024-25 stood at 348, as per a notification of the Central Board of Direct Taxes (CBDT). Usually, the income tax department notifies CII in the month of June. The CII number for last fiscal was 331 and for 2021-22 financial year it was 317. AMRG & Associates Senior Partner Rajat Mohan said the CII would help taxpayers to compute long-term capital gains tax enabling them to remit advance tax on time.

<https://economictimes.indiatimes.com/news/economy/policy/i-t-dept-notifies-cost-inflation-index-for-current-fiscal/articleshow/99397186.cms>

DFS urges states, UTs to deepen micro-insurance schemes in 3-mth campaign

The department of financial services has urged the states and union territories to increase enrolments under the micro-insurance schemes of Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY), considering the scope and size of population in their respective states.

Vivek Joshi, secretary, department of financial services chaired a meeting virtually yesterday with chief secretaries/senior officials of all states and union territories to sensitise and impress upon them the salient features of the intensive three-month campaign to boost coverage of micro-insurance schemes at the gram panchayat level. Currently, active enrolments under PMJJBY and PMSBY stand at 83 million and 239 million, respectively, and claims of about Rs 15,500 crore have been paid under both schemes. Beginning April 1, the three-month campaign will cover all the districts in the country.

https://www.business-standard.com/finance/insurance/dfs-urges-states-uts-to-deepen-micro-insurance-schemes-in-3-mth-campaign-123041100504_1.html

SEBI asks exchanges to arrive at equilibrium price for IPOs on listing

The ambiguity of price discovery for IPO shares on the listing day is likely to be a thing of the past. SEBI has now asked the exchanges to compute an equilibrium price for the newly-listed stocks at the end of the day's trading session on the first day of listing. The ongoing call auction system, where all the bids are collected first and then matched, will continue separately on the exchanges but the final closing price on the NSE and the BSE will be the same based on the equilibrium calculation, as per SEBI's new circular. SEBI's circular on the formulation of price bands for the first day of trading after IPO, re-listing, etc., in the normal trading sessions, has said call auction sessions will continue to be conducted separately on individual exchanges. After discussion with stock exchanges and Secondary Market Advisory Committee, SEBI has said orders will be matched by respective exchanges after the computation of the equilibrium price.

<https://www.thehindubusinessline.com/markets/sebi-asks-exchanges-to-arrive-at-equilibrium-price-for-ipos-on-listing/article66725084.ece>

Sebi to AIFs: Offer direct plans; introduces trail model for commissions

The Securities and Exchange Board of India (Sebi) has directed alternative investment funds (AIFs) to provide an option of direct plan and to charge distribution fee for other schemes only on trail basis (see box: Trail Model). Sebi's directive aims to curb mis-selling and increase transparency in fee payments. These direct plans will not have any distribution fee or placement fee — something akin to the norms followed by the mutual funds industry. "AIFs shall ensure that investors who approach the AIF through a Sebi registered intermediary, which is separately charging the investor any fee (such as advisory fee or portfolio management fee), are on-boarded via Direct Plan only," said Sebi.

https://www.business-standard.com/markets/news/sebi-to-aifs-offer-direct-plans-introduces-trail-model-for-commissions-123041100242_1.html

PE investments in India decline over 75% in Q1 of CY23, lowest since 2018

India's private equity (PE) investment stood at \$2,172 million in the first quarter of calendar year 2023, down 75.4 per cent from \$8,830 million in Q1 of CY 2022. The investments declined 31.9 per cent sequentially. The total number of deals fell by 19.9 per cent sequentially in Q1 2023, and 30.9 per cent YoY, according to the India Private Equity Q1 2023 Snapshot, by Refinitiv. Elaine Tan, senior analyst at Refinitiv, said, "Private equity investments in India declined for the sixth straight quarter during Q1 of 2023, as global macroeconomic and geopolitical headwinds drove caution in investment activity. Private equity investments in India dropped 75 per cent compared to the first quarter of 2022. This is the lowest start to a year by value for PE investments in India since 2018 (\$1.7 billion)."

https://www.business-standard.com/companies/news/india-s-private-equity-investments-fall-by-over-75-in-cyq1-2023-123041101054_1.html

Indian companies will face higher interest burden in FY24:India Ratings

Advantages to Indian companies due to lower interest rates and hence a reduction in debt are likely to be reversed in the current fiscal year due to the sharp rise in interest rates and higher working capital financing needs, India Ratings & Research (Ind-Ra) said in a report. The rating agency expects interest burden on corporates to surpass pre-covid levels in terms of value, increasing 30% in FY24 compared to FY22, with the cost of debt is likely to increase across all categories irrespective of size of the corporate. "This is in sync with the interest rate regime in the system. A sharp rise in interest rates and higher working capital financing are likely to increase interest outflows to Rs 3.38 lakh crore in FY24 from Rs 2.52 lakh crore in FY22," Ind-Ra said.

<https://economictimes.indiatimes.com/industry/banking/finance/indian-companies-will-face-higher-interest-burden-in-fy24india-ratings/articleshow/99410735.cms>

India's pension scheme review must prioritise fiscal prudence, development spending, economists say

The federal government's decision to review the pension scheme for its employees must not come at the cost of prudent fiscal management, economists told Reuters on Tuesday. They feared that a higher share of government revenues going towards salaries and pensions will compromise development expenditure. The centre's decision to review the pension system - a committee for which was set up last week - follows a move by a few large states to revert to an older scheme. Under this scheme, the burden of funding pensions fell on the government with no contribution from the employees.

<https://economictimes.indiatimes.com/news/economy/finance/indias-pension-scheme-review-must-prioritise-fiscal-prudence-development-spending-economists-say/articleshow/99403732.cms>

Industry

Quality control of 99 technical textile products in works

India, on Tuesday, announced the first set of standards for technical textiles industry, in a move to ensure their standards and quality. The textiles ministry announced the launch of two Quality Control Orders (QCOs) for 31 items consisting of 19 Geo Textiles and 12 Protective Textiles including protective clothing for firefighters and welders in the first phase. The ministry plans to issue two more QCOs for 28 items in Phase-II, including 22 items of Agro Textiles and six items of Medical Textiles while 30-odd technical textiles items may be considered in the third phase. "This will ensure our fight against dumping," said Rajeev Saxena, joint secretary, textiles ministry. The two QCOs for Geo Textiles and Protective Textiles will come into force immediately after 180 days from the date of its publication in the Official Gazette.

<https://economictimes.indiatimes.com/industry/cons-products/garments-/textiles/quality-control-of-99-technical-textile-products-in-works/articleshow/99413331.cms>

PLI disbursement for drones, components is a major boost for the industry

The recent PLI disbursement of ₹30 crore for drones and drone components is a major boost for the industry. The Chennai-based Garuda Aerospace, which is one of the beneficiaries, plans to use it to support and facilitate quarterly disbursements. The Jaipur-based TSAW Drones is developing plans to participate in the scheme by embarking on drone production. The scheme provides 20 per cent of the value addition as an incentive. This is one of the highest among PLI schemes to boost the industry, which is still in a nascent stage with many start-ups in the fray.

<https://www.thehindubusinessline.com/news/pli-disbursement-for-drones-components-is-a-major-boost-for-the-industry/article66724353.ece>

Agriculture

Indian sugar prices climb as production drops amid record demand

Sugar prices in India have climbed more than 6% in two weeks and are likely to rise further as production is set to fall and demand from bulk consumers to strengthen during the peak summer season, industry officials told Reuters. Higher local prices will improve the margins of sugar makers such as Balrampur Chini, Shree Renuka Sugars, Dalmia B Sugar and Dwarikesh Sugar, helping them make cane payments on time to farmers, dealers said. Sugar prices are

rising mainly due to the downward revision in production in top sugar producing state Maharashtra, said Ashok Jain, president of the Bombay Sugar Merchants Association.

https://www.business-standard.com/economy/news/indian-sugar-prices-climb-as-production-drops-amid-record-demand-123041000537_1.htmlharat

Infrastructure

India's first semi high-speed regional rail services named 'RAPIDX'

India's first semi-high-speed regional rail services have been named 'RAPIDX' by the National Capital Region Transport Corporation (NCRTC), officials said on Tuesday. The trains will run on the Regional Rapid Transit System (RRTS) corridors, being implemented to connect key urban nodes across the National Capital Region (NCR), they said. The brand name has been chosen as 'RAPIDX' since it is easy to read and simple to pronounce in various languages. "In addition to signifying speed and progress, the X in the name denotes next generation technology and the new-age mobility solution. It also represents youth, optimism, and energy," NCRTC officials said.

<https://economictimes.indiatimes.com/industry/transportation/railways/indias-first-semi-high-speed-regional-rail-services-named-rapidx/articleshow/99413795.cms>

Energy

Andhra Pradesh, Karnataka, Kerala, Rajasthan, Telangana lead energy efficiency index 2021-22

Union Minister of Power and New and Renewable Energy, RK Singh, has released the report of State Energy Efficiency Index 2021-22. The efficiency index was released during the Review, Planning and Monitoring meeting here in the national capital on Monday. The index developed by the Bureau of Energy Efficiency (BEE), a statutory body under the Ministry of Power, in association with Alliance for an Energy-Efficient Economy (AEEE), assesses the annual progress of states and UTs in energy efficiency implementation, for the financial year 2020-21 and 2021-22. In 2021-22, five states -- Andhra Pradesh, Karnataka, Kerala, Rajasthan and Telangana -- are in the Front Runner category while four states -- Assam, Haryana, Maharashtra, and Punjab -- are in the Achiever category, according to an official release from Ministry of Power.

<https://economictimes.indiatimes.com/industry/energy/power/andhra-pradesh-karnataka-kerala-rajasthan-telangana-lead-energy-efficiency-index-2021-22/articleshow/99395634.cms>

India extends transmission fee waiver for green hydrogen plants -source

India has extended a waiver of transmission fees for renewable power to hydrogen manufacturing plants commissioned before January 2031, as it aims to become the world's cheapest producer of the fuel, a government official said. The move is expected to cut the cost of green hydrogen - hydrogen produced by splitting water using electricity from renewables - by a fifth. The move will make more green hydrogen manufacturing projects eligible for the 25-year waiver of transmission charges, previously available for projects set up before July 2025, said the source, who declined to be identified because he is not authorised to speak to media.

<https://economictimes.indiatimes.com/industry/renewables/india-extends-transmission-fee-waiver-for-green-hydrogen-plants-source/articleshow/99400359.cms>

Ind-Ra sees limited RoCE upside for telcos in FY24 amid inability to price 5G at premium

India's top telcos will see limited returns on capital employed (RoCE) in FY24 due to their inability to charge a premium for 5G services amid fierce competition to gain high value customers, ratings agency, India Ratings & Research (Ind-Ra) said. It, though, expects countrywide 5G deployments to increase capex intensity for the top telcos in the current fiscal. "With 5G not being offered at premium pricing, the RoCE for telcos might see limited upside in FY24," said Ind-Ra, adding that it does not foresee broad-based tariff hikes materialising in the near-to-medium term amid competition. Bharti Airtel and Reliance Jio are rapidly deploying 5G nationally, having already covered over 500 cities and towns. Vodafone Idea (Vi), the weakest telco, financially, hasn't yet announced a 5G launch timeline due to pending vendor dues.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/ind-ra-sees-limited-roce-upside-for-telcos-in-fy24-amid-inability-to-price-5g-at-premium/articleshow/99407661.cms>

Power demand in India shrinks in March thanks to unexpected rains: CRISIL

Due to unprecedented rainfall, demand for power in India fell 1.3 per cent in March, rating agency CRISIL said on Tuesday. This fall in demand also led to a fall in power generation by 7 per cent year-on-year (YoY) in the month. According to the Indian Meteorological Department (IMD), India received 37.6 mm of rainfall in March, the highest it received in the last three years.

https://www.business-standard.com/india-news/power-demand-in-india-shrinks-in-march-thanks-to-unexpected-rains-crisil-123041100564_1.html

States

Rajasthan govt approves Rs 463 cr to strengthen micro irrigation system

The Rajasthan government has approved Rs 463 crore to strengthen the micro irrigation system in the state.

The revised Rajasthan Micro Irrigation Scheme will help 50,000 farmers construct farm ponds in the next two years. The government proposes to spend over Rs 260 crore on this, a senior official said. He said non-small-marginal farmers of scheduled caste-tribe would get an additional subsidy of 10 per cent like small and marginal farmers. To provide them support, the limit of subsidy for the construction of plastic lining farm ponds has been increased to Rs 1.20 lakh from Rs 90,000. In the next two years, 40,000 farmers will be given subsidies for the 16,000-irrigation pipeline, on which Rs 43.20 crore will be spent in 2023-24. At the same time, Rs 158 crore will be spent on constructing 5,000 small ponds in 2023-24.

https://www.business-standard.com/economy/news/rajasthan-govt-approves-rs-463-cr-to-strengthen-micro-irrigation-system-123041001076_1.html

External

WTO needs to hear and heed different voices: FM Nirmala Sitharaman

To make globalisation more transparent and beneficial for emerging markets, the World Trade Organisation (WTO) should hear and heed different voices, Union finance minister Nirmala Sitharaman told an American think-tank in response to a question on Tuesday. She said that the country wasn't looking to reverse the benefits of globalisation but wanted it to be more transparent. Responding to the question on the usefulness of multilateralism, Sitharaman said that India is committed to open and free trade and is actively pursuing trade agreements with several countries and regional groups. Still, it would like multilateral institutions to hear the voice of many emerging countries as well. Sitharaman also said that to achieve a level playing field in global trade, it is necessary to prioritise domestic production, as India hopes to produce and meet both the internal and external demands, although there will be some collateral damage as well in the process.

https://www.business-standard.com/india-news/wto-needs-to-hear-and-heed-different-voices-fm-nirmala-sitharaman-123041100482_1.html

India's foreign direct investment flows to see modest pick-up in FY24: Citi

India's foreign direct investment (FDI) flows may pick up only modestly in fiscal 2024 after a fall seen in the first 10 months of fiscal 2023, economists at Citi said in a note on Tuesday. Citi expects net FDI flows - which include both outflows and inflows - to be at \$35 billion in fiscal 2024. This is on the back of manufacturing FDI likely seeing some traction from government schemes and "the build-up of ecosystem around recent large greenfield investments," Samiran Chakraborty and Baqar Zaidi wrote in the note.

https://www.business-standard.com/economy/news/india-s-foreign-direct-investment-flows-to-see-modest-pick-up-in-fy24-citi-123041100293_1.html