



October 18, 2023 – Wednesday

Key Developments

Int'l transactions above ₹50,000 to come under further scrutiny

The Centre on Tuesday notified an amendment to the Prevention of Money-laundering (Maintenance of Records) Rules, 2005, further tightening the record keeping in case of international transactions above ₹50,000 to prevent terror financing. Every international transaction above ₹50,000 will be subject to closer scrutiny and a reporting entity will have to identify clients, verify their identity and also ascertain purpose of the business if not well defined. The latest rule also mandated reporting entities, which are part of a group, to have adequate safeguards on the confidentiality and use of information exchanged, including safeguards to prevent tipping-off.

<https://economictimes.indiatimes.com/news/economy/policy/intl-transactions-above-50000-to-come-under-further-scrutiny/articleshow/104507247.cms>

Economy

India slips to 45th position on the Global Pension Index 2023

India slipped to 45th position out of 47 countries on the Global Pension Index 2023 as compared to 41st position out of 44 countries in 2022 and 40th out of 43 countries in 2021. While India's score improved marginally from 44.4 in 2022 to 45.9 in 2023, primarily due to an improvement in the adequacy sub-index, the report says India can improve its index value by improving minimum support, enhancing coverage to unorganised workers and easing regulations for the private pension system. The Netherlands topped the index with a score of 85 followed by Iceland with a score of 83.5 and Denmark with a score of 81.3, released by the Mercer and CFA Institute on Tuesday.

<https://economictimes.indiatimes.com/news/economy/indicators/india-slips-to-45th-position-on-the-global-pension-index-2023/articleshow/104494585.cms>

Skill ministry launches IndiaSkills 2023-24, to target 2.5 mn participants

The Ministry of Skill Development & Entrepreneurship on Tuesday launched the IndiaSkills 2023-24 programme and felicitated WorldSkills 2022 winners. India had secured 11th position in the global competition last year.

Addressing the event, Union Minister for Skill Development Dharmendra Pradhan called for increasing the number of participants to 2.5 million from 0.25 million last year, as it would provide impetus to the ecosystem to enhance competency over acquiring degrees. The minister also highlighted the importance of introducing employable skills, which would increase market acceptance of the workforce.

https://www.business-standard.com/economy/news/skill-ministry-launches-indiaskills-2023-24-to-target-2-5-mn-participants-123101701016_1.html

Banking and Finance

RBI revises its KYC rules to strengthen money laundering prevention

The Reserve Bank of India has revised its master direction on Know Your Customer (KYC) for regulated entities to incorporate amendments to the Prevention of Money Laundering rules. These changes also deal with the requirement of beneficial owner (BO) identification for "partnership firms". The revised norms clarify the standing of

principal officers (PO) in regulated entities (RE) who are responsible for furnishing information. Under the revised definition, "Principal Officer" means an officer at the management level nominated by the RE.

https://www.business-standard.com/finance/news/rbi-revises-its-kyc-rules-to-strengthen-money-laundering-prevention-123101701306_1.html

RBI may opt to roll over \$5-b forex swap

The Reserve Bank of India (RBI) could consider rolling over a \$5-billion foreign exchange swap set to mature next week as the central bank, which has repeatedly flagged inflationary risks stemming from excess funds with banks, prioritises liquidity management over bolstering forex reserves. Some investors believe that a current deficit in headline liquidity prints and expected currency leakage during the festive season make a case for the RBI to let the swap mature on October 23, potentially leading to an inflow of around ₹40,000 crore in the banking system.

<https://economictimes.indiatimes.com/news/economy/policy/rbi-may-opt-to-roll-over-5-b-forex-swap/articleshow/104506976.cms>

Centre mulls stricter UPI transfer regulations to curb illegal betting

To shut down offshore platforms, which are illegally facilitating gambling and betting in India, the central government is considering several measures, including tighter rules for Unified Payments Interface (UPI) transfers, according to a report by The Economic Times (ET). Sources told ET that the Centre has found 114 illegal betting and gambling platforms operating in the country. Such platforms are taking in UPI payments through proxy bank accounts. Hawala, crypto and other illegal routes are being used to remit funds collected in such proxy amounts. Preventing such activities include actively tracking and blocking unregistered online gaming companies, stricter verification processes, and tax collection at source (TCS) on UPI payments.

https://www.business-standard.com/industry/news/centre-mulls-stricter-upi-transfer-regulations-to-curb-illegal-betting-123101701293_1.html

States on course to spend 29% more in capex this fiscal: ICRA report

States are on course to spend 29 per cent more on capital expenditure in the ongoing fiscal, aided by additional central grants and market borrowings, a report said on Tuesday. The increased capex spending will see their debt-level in relation to their gross domestic product rising to 30 per cent from 28.9 per cent in FY23, a report by Icria Ratings said.

https://www.business-standard.com/economy/news/states-on-course-to-spend-29-more-in-capex-this-fiscal-icra-report-123101701019_1.html

Rush for gold cash amid need for cold cash

Gold loan companies are seeing a surge in demand from semiurban and rural areas ahead of the festive season, with small businesses and individuals monetising their holdings to raise funds amid a general credit crunch. The recent rally in gold prices following the developments in West Asia has also made such loans attractive by raising eligibility. "There is completely no fear of Covid in this year's festive season. So, people want to splurge," said Thomas John Muthoot, chairman and managing director, Muthoot Fincorp. Gold prices shot up by 4% last week due to escalating geopolitical tensions and improved safehaven demand. Currently, 24-carat gold is about Rs 59,100 per 10 gm, 18% higher than Rs 50,060 a year ago.

<https://economictimes.indiatimes.com/industry/banking/finance/rush-for-gold-cash-amid-need-for-cold-cash/articleshow/104507422.cms>

Mopup of savings scheme for elderly crosses Rs 1 lakh cr

Collections under the small savings scheme for senior citizens have surged after the government doubled the limit in the budget, crossing Rs 1 lakh crore in the first half of the fiscal year. The Senior Citizen Savings Scheme mopup until September 23 this fiscal was two-and-a-half times higher than the Rs 40,000 crore collection during the same period in FY23, a senior finance ministry official said. A new small savings scheme for women introduced in the budget is also off to a good start, having garnered Rs 13,500 crore until September 23, the official told ET. The deposits are expected to keep rising in the coming months.

<https://economictimes.indiatimes.com/news/economy/indicators/mopup-of-savings-scheme-for-elderly-crosses-rs-1-lakh-cr/articleshow/104507066.cms>

Industry

Govt-appointed panel may look at having more rigorous regulatory framework for unlisted cos

A government-appointed panel is likely to look at the possibility of putting in place a more rigorous regulatory framework for unlisted companies, according to a senior official. While there is a strict regulatory framework, including disclosure requirements, for listed companies, the norms are not that stringent now in the case of unlisted companies. Against this backdrop, the Corporate Affairs Ministry has plans to introduce stricter norms with respect to unlisted companies, including large startups. The Company Law Committee (CLC) is likely to discuss the possibility of having more rigorous regulations for unlisted companies, especially large ones and big startups, the official in the know said. Various regulatory aspects, including those related to corporate governance, are expected to be looked at by the panel, the official added. At the same time, efforts will be made to ensure that there is not too much of a regulatory burden and promote the ease of doing business.

<https://economictimes.indiatimes.com/news/economy/policy/govt-appointed-panel-may-look-at-having-more-rigorous-regulatory-framework-for-unlisted-cos/articleshow/104500049.cms>

CCI releases draft regulations to bust cartels under leniency-plus regime

The Competition Commission of India (CCI) has released draft regulations under the 'leniency-plus' regime, which will incentivise companies that are already under investigation for being part of a cartel to proactively report other cartels in which they are involved. Once the draft regulations are ratified, the regulator can reduce penalty by up to an additional 30% for a company for being part of the first cartel besides trimming it by up to 100% for its involvement in the newly-disclosed cartel, said analysts. However, such a company will have to share vital information about the cartels and co-operate with the CCI "genuinely, fully, continuously and expeditiously throughout the investigation and other proceedings", among other conditions, according to the draft regulations.

<https://economictimes.indiatimes.com/news/economy/policy/cci-releases-draft-regulations-to-bust-cartels-under-lenieny-plus-regime/articleshow/104507181.cms>

Piyush Goyal to chair meet to decide fate of 3 PSUs

Commerce and industry minister Piyush Goyal will next week chair a key meeting on the closure of Metals and Minerals Trading Corporation of India (MMTC), State Trading Corporation (STC) and Project & Equipment Corporation of India, which were denotified as nominated agencies for imports and exports of goods like high-grade iron ore and precious metals last year. A decision on the closure of the three PSUs, especially strategic disinvestment of MMTC, is likely at the October 23 meeting. "There is a section of the government which wants the closure of these three PSUs as they are no longer serving their purpose but it is difficult to preempt if a decision would be made," said an official.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/piyush-goyal-to-chair-meet-to-decide-fate-of-3-psus/articleshow/104506597.cms>

Luxury car sales in top gear, but hatchbacks hit the brakes

It's a tale of two Indias. When BMW launched the electric version of its entry-level SUV X1 late last month, tagged at `66.90 lakh (ex-showroom, Delhi), it got sold out within three hours of the launch. Similarly, Mercedes Benz sold all the 25 units of the `4-crore (ex-showroom) AMG G63 Grand Edition within 6 minutes of opening bookings. Cut to the small car segment. Sales of Maruti Suzuki Alto, which once dominated sales charts across segments, halved year on year in the quarter ended September at about 24,000 units. Overall, sales of small cars (vehicles with length less than 3.6 metres) — already on the decline — crashed by 55% last quarter whereas sales of BMW X1 (which also comes in diesel and petrol options) grew 56% on year.

<https://economictimes.indiatimes.com/industry/auto/cars-uvs/luxury-car-sales-in-top-gear-but-hatchbacks-hit-the-brakes/articleshow/104507368.cms>

Agriculture

Indian wheat prices at 8-month high on festival demand, tight supply

Indian wheat prices surged to an eight-month high on Tuesday, propelled by strong demand for big festivals, limited supplies and as import duty makes overseas buying unfeasible for domestic flour mills. The increasing prices may prompt the government to release more stocks from inventories and eliminate import duties on the cereal to bolster supplies and control prices ahead of important state assembly elections and a general election next year.

https://www.business-standard.com/economy/news/wheat-prices-reach-eight-month-high-on-festival-demand-tight-supply-123101700642_1.html

Concerns about productivity prompt India to restrict export of organic sugar

India is expected to restrict exports of organic sugar for the 2023-24 season, in addition to raw, white and refined versions, as the outward shipment of the organic form of the sweetener has touched record high, said an official. Currently, raw, white and refined sugar - consumed as an everyday item - are on the restricted list till October 31. The government is expected to extend this timeline due to concerns about productivity. It is also expected to add organic sugar to the restricted list. The food ministry, from time-to-time, allows the industry to export certain quantity of sugar depending upon availability.

<https://economictimes.indiatimes.com/news/economy/agriculture/export-curbs-likely-on-organic-sugar/articleshow/104506877.cms>

Karnataka pegs 42 pc decline in sugar output at 34.51 lakh tonne for 2023-24 season

Sugar production in Karnataka, the country's third largest producer, is estimated to fall by 42.30 per cent to 34.51 lakh tonne in the 2023-24 sugar season that started this month, due to lower cane output and less sugar recovery. Sugar production in the state stood at 59.81 lakh tonne in the just completed 2022-23 season (October-September). According to the state government estimate, sugarcane production in Karnataka is estimated to be lower at 520 lakh tonne in 2023-24, compared with 705 lakh tonne in the previous season. Even sugarcane availability for crushing will be less at 442 lakh tonne as against 603.55 lakh tonne in the period. Consequently, total sugar production in the state is projected to be at 34.51 lakh tonne in 2023 ..

<https://economictimes.indiatimes.com/news/economy/agriculture/karnataka-pegs-42-pc-decline-in-sugar-output-at-34-51-lakh-tonne-for-2023-24-season/articleshow/104499087.cms>

Infrastructure

Maritime sector sets sights on Rs 80 lakh cr investment by 2047, document released by PM Modi shows

Prime Minister Narendra Modi on Tuesday said the India-Middle East-Europe Economic Corridor (IMEEC) has the potential to "transform" the global maritime trade, and invited investors to partner with the country to be a part of the initiative. India is eyeing an investment of ₹75-80 lakh crore in the country's maritime sector by 2047, according to a vision document released by Modi, who also laid the foundation stone of maritime projects worth more than ₹23,000 crore. Speaking at the inauguration of the third Global Maritime India Summit (GIMS) via a video-link, the prime minister said India was able to forge a historic consensus at the G-20 for IMEEC. The initiative will prove to be a catalyst for prosperity like the Silk Route was a few centuries ago, he added.

<https://economictimes.indiatimes.com/industry/transportation/shipping/-/transport/maritime-sector-sets-sights-on-rs-80-lakh-cr-investment-by-2047-document-released-by-pm-modi-shows/articleshow/104507099.cms>

39 per cent capital cities in India have no active master plan: Report

At least 39 per cent of India's capital cities do not have an active master plan, according to a survey conducted by Bengaluru-based think tank Janaagraha. The Annual Survey of India's City-System 2023 also states that mayors and councillors only have limited role in key municipal functions. The survey report, released on Tuesday by Union Housing and Urban Affairs Minister Hardeep Singh Puri here, says 17 per cent of cities have a mayoral tenure of less than five years, adding that a tenure of less than five years makes the position of the mayor largely "ceremonial and inconsequential". As per the report, mayors and councillors in India remain disempowered due to highly restricted devolution of functions and powers over funds and functionaries, short tenures in office and a policy of rotational reservations mandated by 74th Constitutional Amendment Act according to which reserved seats are allotted by rotation to different wards in the city.

<https://economictimes.indiatimes.com/news/economy/infrastructure/39-per-cent-capital-cities-in-india-have-no-active-master-plan-report/articleshow/104506081.cms>

India to spend Rs 143 trillion in infrastructure by 2030, says Crisil

India's investments in infrastructure will rise to Rs 143 trillion between financial years 2024 and 2030, analytics firm CRISIL said on Tuesday. It will be more than twice the Rs 67 trillion spent in the past seven financial years, the rating agency said during its flagship India Infrastructure Conclave 2023 held in New Delhi on Tuesday. CRISIL's Managing Director and CEO Amish Mehta estimates India to be the fastest expanding large economy with an average gross domestic product growth rate of 6.7 per cent through FY31.

https://www.business-standard.com/economy/news/india-to-spend-rs-143-trillion-in-infrastructure-by-2030-says-crisil-123101701027_1.html

ADB approves USD 181 million loan to enhance urban infrastructure in Ahmedabad's Peri-urban areas

The Asian Development Bank (ADB) has given its nod to a USD 181 million loan aimed at bolstering the quality of urban infrastructure and services, thereby enhancing urban liveability and mobility in the peri-urban regions of Ahmedabad city in Gujarat. According to a press release by ADB, Ahmedabad and its peripheral areas have seen rapid industrial growth, significantly contributing to Gujarat's economic development. ADB Principal Urban Development Specialist Sanjay Joshi, said, "Ahmedabad and surrounding areas are rapidly growing as an industrial centre, contributing to Gujarat's economic development. This project envisions the future of the areas surrounding Ahmedabad city to help control urban sprawl, a planning approach that can be replicated in other states."

<https://economictimes.indiatimes.com/news/economy/infrastructure/adb-approves-usd-181-million-loan-to-enhance-urban-infrastructure-in-ahmedabads-peri-urban-areas/articleshow/104491605.cms>

Energy

Govt cuts windfall tax on petroleum crude, will be effective from Oct 18

India has cut windfall tax on petroleum crude, aviation turbine fuel and diesel, according to a government notification on Tuesday. The windfall tax on petroleum crude will be reduced to 9,050 Indian rupees (\$108.74) per ton from 12,200 Indian rupees per ton, effective Oct 18.

https://www.business-standard.com/economy/news/govt-cuts-windfall-tax-on-petroleum-crude-will-be-effective-from-oct-18-123051501259_1.html

Telecom

Telecom majors likely to plead for review of SC licence fee ruling

India's top telcos are expected to file a review petition against the Supreme Court's ruling to treat licence fees as a capital expenditure that could potentially prompt authorities to raise hefty retrospective demands, including penalties on operators for tax payment shortfalls of past periods. Kotak Institutional Equities estimates Bharti Airtel could face a potential tax demand (excluding penalties) of Rs 6,000 crore for 2020-23, while Reliance Jio could be stung by a Rs 8,400-crore tax demand (without penalties) for 2017-2023. Analysts expect the final tax demands to be higher.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/telecom-majors-likely-to-plead-for-review-of-sc-licence-fee-ruling/articleshow/104510809.cms>

Healthcare

PLI scheme effect? Bulk drug imports from China slow, shows data

There is still some way until India's dependence on imports of active pharmaceutical ingredients (APIs) and intermediates from China reduces, but the growth rate of imports has come down. While the production-linked incentive (PLI) scheme for bulk drugs (APIs) has boosted local production of some key APIs here, industry insiders say it would take at least 5-7 more years before India can see tangible results on the ground.

https://www.business-standard.com/economy/news/bulk-drug-imports-from-china-up-1-7-in-fy23-growth-slowing-down-123101700940_1.html

High-risk medical gear makers get more time for licence compliance

The Drugs Controller General of India (DCGI) has said that manufacturers and importers of high-risk medical devices who have applied for a licence on or before September 30 and are awaiting clearance, can continue to supply them in the market for another six months. According to new regulation introduced by the country's drug regulator, the Central Drugs Standard Control Organisation (CDSCO), manufacturers and importers of 'class C' and 'class D' medical devices - such as ventilators, imaging equipment, oxygen therapy equipment, nebulisers, x-ray equipment, surgical robots and oncology treatment linear accelerator - cannot sell these items from October 1 if they don't have a licence. The move is part of quality control measures.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals/high-risk-medical-gear-makers-get-more-time-for-licence-compliance/articleshow/104507231.cms>

External

India needs to be cautious of carbon levy in FTA, says GTRI report

India needs to be wary of the United Kingdom's (UK) proposed carbon tax and insert a suitable text in the free trade agreement (FTA) chapters to deal with the impact, according to a report by a New Delhi-based think tank. Both sides are trying to resolve the remaining pending issues with an aim to sign the trade deal by the end of this month. Once the Carbon Border Adjustment Mechanism (CBAM) is launched, UK products will continue to enter India at zero duties.

https://www.business-standard.com/india-news/india-needs-to-be-cautious-of-carbon-levy-in-fta-says-gtri-report-123101700870_1.html

Imported food item for re-export doesn't need clearance, says FSSAI

The Custom authority does not need to send an imported food item for clearance to the Food Safety and Standards Authority of India (FSSAI) if it is meant for re-export or production of value-added items, which are only for exports, the authority has clarified. The clarification came after several business groups and industry associations approached the regulator in the view of objections raised in some quarters.

https://www.business-standard.com/economy/news/imported-food-item-for-re-export-self-use-doesn-t-need-clearance-fssai-123101700990_1.html

Indian importers allege tur dal cargo held ransom at Mozambique ports

The pace of tur imports from Mozambique has slowed down significantly, resulting in slower correction in domestic tur prices. Indian importers alleged that more than 1.5 lakh tonnes of tur have been lying at the ports in Mozambique for more than a month as the exporters of that country are 'holding the tur cargo to ransom.' Tur prices have stabilised following the recent government measure of tightening the stock limit on traders and processors. "However, the prices of African tur, which have declined by 5%, could have reduced by another 10% if the imports had been smooth," said a pulse importer from Maharashtra.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/indian-importers-allege-tur-cargo-held-ransom-at-mozambique-ports/articleshow/104506927.cms>