



October 25, 2023 – Wednesday

Key Developments

MCA tweaks rules; new promoters of bankrupt firms can easily shift registered offices

Insolvent firms that change hands after resolution can now shift their registered offices easily from one state to another according to the choice of the new promoters if there is no pending investigation, as the government has tweaked the relevant rules. In its latest notification, the Ministry of Corporate Affairs (MCA) has made suitable changes to the rule 30 of the Companies (Incorporation) Rules, 2014, which essentially deals with the shifting of registered corporate offices. It now adds a new proviso to the rule that says: "...where the management of the company has been taken over by new management under a resolution plan approved under section 31 of the Insolvency Bankruptcy Code, 2016, and no appeal against the resolution plan is pending in any court or Tribunal and no inquiry, inspection, investigation is pending or initiated after the approval of the said resolution plan, the shifting of the registered office may be allowed."

<https://economictimes.indiatimes.com/news/economy/policy/mca-tweaks-rules-new-promoters-of-bankrupt-firms-can-easily-shift-registered-offices/articleshow/104674793.cms>

Economy

Mineral output index increases by 12.3% to 111.9 in August: Centre

India's mineral output increased by 12.3 per cent in the month of August as compared to the same month a year ago, the Centre on Monday said. The index of mineral production of the mining and quarrying sector for the month of August 2023 at 111.9, is 12.3 per cent. higher as compared to the level in the month of August 2022, according to provisional data from the Indian Bureau of Mines (IBM)

https://www.business-standard.com/economy/news/mineral-output-index-increases-by-12-3-to-111-9-in-august-centre-123102300664_1.html

10% fewer fresh formal jobs created in April-August, shows EPFO data

While the country's unemployment rate is falling, the quality of employment seems to have taken a hit. The pace of formalisation slowed in the five months of the current financial year (April-August) with more than half a million fewer formal jobs created in the period compared to the same period last year, according to data from the Employees' Provident Fund Organisation (EPFO). The payroll data showed that cumulatively 4.92 million new subscribers joined the social security organisation between April-August this year, compared to 5.51 million subscribers in the same period in the previous year, reflecting a 10.7 per cent decline in the number of new payrolls created.

https://www.business-standard.com/economy/news/fresh-formal-job-creation-down-by-10-between-april-august-epfo-data-123102300734_1.html

India set to be world's third-largest economy by 2030: S&P Global

New Delhi: Brisk digital transformation and a rapidly growing middle class are expected to drive India's growth, lifting its economy to the third place by 2030, according to S&P Global Market Intelligence. This will put it behind only the US and China, overtaking Germany and Japan. The economy will more than double to \$7.3 trillion over this period,

from \$3.5 trillion in 2022, the financial information services firm said. "An important positive for India is its large and fast-growing middle class, which is helping to drive consumer spend," said Rajiv Biswas, chief economist (Asia Pacific), S&P Global Market Intelligence, in a report released earlier this week. "India's digital transformation that is underway is expected to accelerate the growth of ecommerce, changing the retail consumer market landscape over the next decade."

<https://economictimes.indiatimes.com/news/economy/indicators/india-set-to-be-worlds-third-largest-economy-by-2030-sp-global/articleshow/104684667.cms>

Banking and Finance

Banks adopt different strategies in deposits race: Jefferies

All Indian banks have one problem as the economy keeps humming on and the Reserve Bank of India keeps tightening monetary conditions - deposits. Conventional business approach is to raise interest rates to get more funds, but this time is different, says Jefferies. While HDFC Bank is opening branches to net more depositors, Kotak is tapping its digital highway. Axis, which bought Citi's retail assets, is chasing salary accounts and IndusInd Bank is tapping the NRIs, said Jefferies.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/banks-adopt-different-strategies-in-deposits-race-jefferies/articleshow/104681127.cms>

State banks plan one portal to map clients

India's state-run banks are considering setting up a common blockchain technology platform to issue letters of credit and to facilitate multi-party underwriting, among other applications to be used by their corporate clients, said people familiar with the matter. Once a business entity is registered on the proposed Digital Balance Confirmation Portal, all its bank accounts and credit facilities availed from each bank would be mapped, allowing a better overview of a potential borrower. This would allow lenders to make faster decisions and provide a more efficient and secure solution for stakeholder entities and auditors, said the people.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/state-banks-plan-one-portal-to-map-clients/articleshow/104680630.cms>

Lenders flag rising delinquencies in small ticket unsecured retail loans post RBI caution

A fortnight after RBI cautioned banks against unprecedented growth in unsecured retail loans and asked them to grow "sensibly", large banks and NBFCs have flagged increased risks and delinquencies in some small-ticket segments. As a part of Q2 earnings, ICICI Bank highlighted that market trends and research indicate risk build up and higher defaults in lower ticket loans, especially below ₹50,000 where affordability and repayment ability are constraints.

Kotak Bank too acknowledged headwinds and higher delinquencies in certain unsecured segments, especially smaller ticket loans, but interim MD Dipak Gupta said the risk-adjusted returns are still "okay".

<https://www.thehindubusinessline.com/money-and-banking/lenders-flag-rising-delinquencies-in-small-ticket-unsecured-retail-loans-post-rbi-caution/article67454756.ece>

IBBI moots new measures to increase efficiency of insolvency professional entity as an IP

Insolvency regulator Insolvency and Bankruptcy Board of India (IBBI) has proposed a slew of measures to enhance the effectiveness of Insolvency Professional Entities (IPEs) in the Insolvency Resolution Process. The proposals outlined in a new discussion paper are aimed at rationalising the framework of IPEs commensurate to achieve the expected outcomes of their expanded role as Insolvency Professionals (IPs). The discussion paper covers four main issues — monitoring of IPE acting as IP; related party definition for an IPE acting as IP; restriction on number of assignments by an IP and minimum fee structure of an IPE acting as IP. The public comments on the discussion paper have to be sent in by November 11, IBBI has said.

<https://www.thehindubusinessline.com/economy/ibbi-moots-new-measures-to-increase-efficiency-of-insolvency-professional-entity-as-an-ip/article67454727.ece>

Industry

Commerce ministry provides relaxation to micro, small enterprises in implementation of Quality Control Orders

Notifying the Quality Control Orders (QCOs) for copper products and drums and tins, the commerce ministry on Monday said timelines for micro and small enterprises with respect to implementation of QCOs have been extended by an additional six months and three months respectively. The QCOs will be implemented on the expiry of six months from the date of their notification in the e-gazette.

<https://www.financialexpress.com/business/sme-commerce-ministry-provides-relaxation-to-micro-small-enterprises-in-implementation-of-quality-control-orders-3284621/>

Consumer spending on cars, smartphones, TVs and other big-ticket items lights up festive sales in first leg

Discretionary spending by consumers on big-ticket items such as cars, smartphones, televisions, two-wheelers and household appliances is off to a flying start this festive season. Several brands and categories have overtaken last year's total festive period sales or are close to matching them in the first phase, which runs from Navratri to Dussehra, several industry executives said. The first phase accounts for 40-50% of total festive sales. The second phase begins a week before Diwali, which is on November 12 this year. This surge reflects a revival in consumer sentiment, which has been subdued for over a year. While ecommerce marketplaces such as Amazon, Flipkart and JioMart started their festive sales earlier than usual, during the shraadh period, sales were not impacted at offline stores. They in fact picked up in the Navratri-Dussehra period.

<https://economictimes.indiatimes.com/industry/services/retail/consumer-spending-on-cars-smartphones-tvs-and-other-big-ticket-items-light-up-festive-sales-in-first-leg/articleshow/104683897.cms>

Small FMCG brands get bigger as inflation cools

Benign commodity costs over the last few months has aided the growth of small brands within the fast-moving consumer goods (FMCG) segment. The volume growth of local brands, according to Kantar, for the twelve months ended April 2023 touched 12.7% versus 8.5% for national brands. Conversations with companies and industry experts reveal that this number has now touched about 18-19% over the last five months (May-September) versus around 10-11% for large brands in the same period.

<https://www.financialexpress.com/business/industry-small-fmcb-brands-get-bigger-as-inflation-cools-3284747/>

Size of India's textile industry to double by 2030: Report

The market for Indian textiles and apparel manufacturers may touch \$ 350 billion mark by 2030 on the back of long-term positive outlook for the Indian economy and a strong focus on emerging areas like technical textiles, home furnishing, specialised fabrics and fashion apparels, according to a report. The report released by FICCI-Wazir Advisors noted that Indian textile and apparel market size was around \$ 165 bn in 2022, including the domestic market of \$ 125 bn and exports of \$ 40 bn. Given the long-term positive outlook, the market size is projected to grow at a 10% CAGR to reach \$ 350 billion by 2030.

<https://www.financialexpress.com/business/industry-size-of-indias-textile-industry-to-double-by-2030-report-3284688/>

Indian IT firms trim revenue outlook amid foggy economic horizon

Major Indian IT firms have trimmed their revenue growth guidance as companies lack visibility of the demand environment with macroeconomic conditions remaining uncertain. In Q2, Infosys trimmed its annual guidance from 1-3.5 per cent to 1-2.5 per cent after a deep slash in the previous quarter as well. Wipro narrowed its sequential guidance to -3.5 to -1.5 per cent from -2 to 1 per cent last quarter and HCLTech narrowed its guidance from 6-8 per cent to 5-6 per cent.

<https://www.thehindubusinessline.com/companies/indian-it-firms-trim-revenue-outlook-amid-foggy-economic-horizon/article67454424.ece>

Infrastructure

Real estate sector Q2 Performance: Record presales in Q2, new launches to fuel momentum in Q3

Real estate developers are reporting record presales in an otherwise seasonally weakest quarter and this momentum is expected to continue in the next quarter with new launches adding a multiplier effect to the presales, said a report by HDFC Securities. "Within micro-markets, we expect the consolidation story to continue in the top six cities with

strong volume-driven growth in Bengaluru, MMR and Pune, while NCR growth will be driven largely by higher price appreciation in the luxury segment,” analysts at HDFC Securities said while adding that geographical diversification is likely to continue with growth in presales from the non-core market.

<https://www.financialexpress.com/business/industry-real-estate-sector-q2-performance-record-presales-in-q2-new-launches-to-fuel-momentum-in-q3-3285298/>

Energy

Small renewable energy projects get renewed push

Small renewable energy projects installed by consumers are set to get a boost as the government has modified the proposed growth trajectory of renewable energy purchase obligations for distribution companies and open access consumers, and made it more stringent. While the overall renewable purchase obligation (RPO) trajectory from FY25 to FY30 remains the same as last notified in 2022, the segment mix has changed.

<https://economictimes.indiatimes.com/industry/renewables/small-renewable-energy-projects-get-renewed-push/articleshow/104681089.cms>

Corporate funding in global solar industry surges 55% in January-September: Mercom Capital

The corporate funding in the global solar sector rose 55% to 28.9 billion during January-September 2023, mainly due to the push to meet energy transition objectives, Mercom Capital has said. The global corporate funding in the sector was USD 18.7 billion in the first nine months of 2022, the US-based research firm said in its latest report. Despite inflationary challenges and elevated interest rates, financing in solar industry has remained robust through the first three quarters of 2023, Mercom Capital Group CEO Raj Prabhu said.

<https://economictimes.indiatimes.com/industry/renewables/corporate-funding-in-global-solar-industry-surges-55-in-january-september-mercom-capital/articleshow/104681162.cms>

LNG import bill down 30% in H1, though volume rises 10%

Thanks to a decline in global prices of liquefied natural gas (LNG) in the initial months of this fiscal, India’s LNG import bill in the first half of the year fell by nearly 30% on year to \$6.6 billion. In volume terms, analysts see the country’s LNG imports rising this year given the increased demand and the “reasonable prices” of the commodity in the international market. During the first half of the financial year 2023-2024, imports of LNG rose by over 10% to 15.11 bcm from the 13.68 bcm in the corresponding period last year.

<https://www.financialexpress.com/policy/economy-lng-import-bill-down-30-in-h1-though-volume-rises-10-3284734/>

Telecom

Telecom industry hiring seen growing 20% in H2

With the finish line for complete rollout of 5G services by Reliance Jio and Bharti Airtel in sight, the two leading telcos are sprucing up hiring, and staffing experts expect overall telecom industry hiring to grow nearly 20% on year in the second half of 2023-24. Festive season hiring by handset makers will also contribute to the employment growth, they said. “Both Airtel and Jio have set themselves deadlines to achieve significant 5G coverage in the country, and we are seeing increased hiring activity on the back of it,” RP Yadav, founder and chairman of Genius Consultants, said. “The launch of their respective FWA (fixed wireless access) services is also expected to result in elevated hiring in the sector.”

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/telecom-industry-hiring-seen-growing-20-in-h2/articleshow/104680938.cms>

External

Traders cut lentil imports from Canada amid diplomatic row

As the diplomatic row between New Delhi and Ottawa escalates, no new contracts are being signed for import of lentils from Canada as importers are wary of likely retaliatory tariffs that either of the countries could impose,

industry insiders said. Canada was the biggest supplier of lentils to India in 2022-23, accounting for more than half of total imports of the legume into the country with shipments of 485,492 metric tonnes. "There have been no new contracts...for import of lentils due to the heightened diplomatic tension," a senior executive of a large import-export firm said on condition of anonymity.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/traders-cut-lentil-imports-from-canada-amid-diplomatic-row/articleshow/104681036.cms>

FTA likely on track as UK warms to investment pact

India and the United Kingdom are trying to find a middle ground to conclude a bilateral investment treaty along with a free trade agreement (FTA) by the end of this month, said people with knowledge of the matter. The prospects of a deal have brightened with the UK softening its stance on India's proposal that investors exhaust all local remedies before opting for international arbitration, they said, even as UK Prime Minister Rishi Sunak's visit to India to ink the pact remains uncertain.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/fta-likely-on-track-as-uk-warms-to-investment-pact/articleshow/104684161.cms>