



November 18, 2022 – Friday

Key Developments

Relief to exporters: Centre lowers export obligation for 192 products under key scheme

In a relief to exporters, the government on Thursday reduced the export obligation under a key incentive scheme for 192 products whose exports declined more than 5% on-year in FY22. These products include certain types of silver, precious metals and concentrates, revolvers and pistols, wrist watches, citrus fruits and some textiles. In a notification, the Directorate General of Foreign Trade (DGFT) said that its regional offices will re-fix the average annual export obligations under the EPCG scheme, which allows import of capital goods for pre-production, production and post- production at zero customs duty. “This implies that the sector/product group that witnessed such decline in 2021-22 as compared to 2020-21 would be entitled for such relief,” the DGFT said. Spices such as ginger and turmeric, woven cotton fabrics, cheese and curd, paint varnishes, garments, and tomatoes are also among the goods identified for the relief.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/relief-to-exporters-centre-lowers-export-obligation-for-192-products-under-key-scheme/articleshow/95589156.cms>

Sebi notifies rules on dividend, redemption proceeds to MF unitholders

Capital markets regulator Sebi has notified new rules for asset management companies (AMCs) pertaining to transfer of dividend and redemption proceeds to mutual fund unitholders. Under this, every mutual fund and asset management company would be required to transfer to the unitholders the dividend payments and the redemption or repurchase proceeds within a period specified by Sebi, the regulator said in a notification made public on Thursday. In case of failure to transfer the proceeds within the specified period, the AMC would be liable to pay interest to the unitholders for the period of such delay. It further said that physical despatch of redemption or repurchase proceeds or dividend payments would be carried out only in exceptional circumstances and AMCs would be required to maintain records along with reasons for all such physical despatches.

https://www.business-standard.com/article/markets/sebi-notifies-rules-on-dividend-redemption-proceeds-to-mf-unitholders-122111700647_1.html

Economy

Consumer sentiments sustain elevated levels achieved during festive season, CMIE says

A fortnight after the end of the festive season, the index of consumer sentiment fell by 0.65% after a cumulative rise of 11.9% during September-October, the Centre for Monitoring Indian Economy said. Growth in ICS, however, is likely to slow down in November. According to CMIE, in the week ended November 6 the Index of Consumer Sentiments (ICS) grew by 2.2% but fell by 3.4% in the following week. “Sentiments have neither collapsed nor have they stepped down after the festive season. They seem to have sustained the elevated levels they had achieved during the festive season. This is reassuring,” CMIE said in its weekly labour market analysis.

<https://economictimes.indiatimes.com/news/economy/indicators/consumer-sentiments-sustain-elevated-levels-achieved-during-festive-season-cmie-says/articleshow/95577109.cms>

In ODOP push, Centre asks states to onboard most products on GeM

In an attempt to promote local artisans and give international visibility to their indigenous products, the Centre has asked states to onboard a large number of products from various emporia and artisans on the government's public procurement portal — Government e-Marketplace (GeM).

https://www.business-standard.com/article/economy-policy/onboard-maximum-products-on-government-e-marketplace-centre-to-states-122111701124_1.html

Banking and Finance

NPCI to host RBI-backed retail CBDC, trials soon

The Reserve Bank of India's (RBI) proposed rollout of the retail central bank-backed digital currency (CBDC) will be interoperable with the present forms of payment systems, bankers aware of the developments said. The platform for CBDC is being hosted by the National Payments Corporation of India and will be similar to the current UPI platform, said bankers involved in the rollout. The central bank wants each bank to test the retail CBDC with 10,000 to 50,000 users for the pilot project. "Just like we have a common library for UPI, the technology for CBDC is similar to that and it is being hosted by NPCI, it will be interoperable with the current payment platforms," a person involved in the pilot said. "The e-rupee will be stored in a wallet, and the denominations will be available as per the customer's request, just like you request cash from an ATM. Banks are launching this only in select cities."

<https://economictimes.indiatimes.com/markets/stocks/news/npci-to-host-rbi-backed-retail-cbdc-trials-soon/articleshow/95590524.cms>

PSU banks riding the credit wave to continue strong show

Bank of America (BofA) Securities believes the current rally in public-sector banks will continue after these lenders, weighed down with dodgy assets and growth pangs for the greater part of the past decade, logged their best pace of credit growth in eight years in the second quarter of FY23. While BofA continues to have a positive outlook on India's largest lender State Bank of India with a neutral rating and a target price of ₹680 per share, it expects Bank of Baroda (BoB) to lead the rest of the PSU bank pack due to its diversified yet relatively safe loan book, and a more advanced digital strategy. BofA reiterated its buy rating on BoB with a target price of ₹190 per share. This translates into an upside potential of roughly 16-17% from the current market price.

<https://economictimes.indiatimes.com/markets/stocks/news/psu-banks-riding-the-credit-wave-to-continue-strong-show/articleshow/95590650.cms>

Polarisation in performance of Indian banks to persist: S&P Global Ratings

Polarisation in the performance of Indian banks will persist as many large public sector banks are still saddled with weak assets, high credit costs, and poor earnings, S&P Global Ratings said on Thursday. It said State Bank of India and leading private sector banks have largely addressed their asset quality challenges, and their profitability is improving more sharply than the banking system. In its Global Banking Outlook-2023 report, S&P said economic recovery is driving credit costs to cyclical low levels and stronger balance sheets and higher demand should boost bank loan growth, but deposit growth will lag. "Polarisation in the performance of banks to persist," S&P said, adding the return on average assets would be 'adequate' at 1 per cent.

https://www.business-standard.com/article/finance/polarisation-in-performance-of-indian-banks-to-persist-s-p-122111700765_1.html

Creditors realise Rs 2.43 trn via insolvency resolution process till Sep

Banks, financial institutions and other creditors of stressed companies have realised Rs 2.43 lakh crore through NCLT-supervised insolvency resolution processes against total claims of Rs 7.91 lakh crore till September 30, 2022. So far 532 CIRPs (Corporate Insolvency Resolution Process) yielded resolution plans, said the quarterly report of the Insolvency and Bankruptcy Board of India (IBBI). "Till September 30, 2022, the creditors have realised Rs 2.43 lakh crore under the resolution plans. " The fair value of the assets available with these CDs, when they entered the CIRP was estimated at Rs 2.14 lakh crore and liquidation value of Rs 1.37 lakh crore against the total claims of the creditors' worth Rs 7.91 lakh crore," it said.

https://www.business-standard.com/article/companies/creditors-realise-rs-2-43-trn-via-insolvency-resolution-process-till-sep-122111700983_1.html

At ₹18,719 crore, Centre's PSU dividend receipts near 50% of FY23 target

Dividend receipts from central public sector enterprises (CPSEs) are among the principal sources of revenue for the Centre and the revenue from this source far exceeded the Budget estimates in FY21 and FY22. While the dividend receipts so far in FY23 have been good, a large part relates to the performance in FY22. With the outlook more subdued for commodity producers this fiscal, bounteous dividends may not be on the cards for the rest of the year. In FY21, the Centre mopped up ₹39,750 crore in dividend receipts from CPSEs against the revised estimate of ₹34,717 crore for the year. In the previous fiscal, the Centre received one of the highest ever dividend receipts of ₹59,101 crore, which was 28 per cent more than its revised estimate of ₹46,000 crore. The spike in dividend receipts in the previous fiscal was led by a sharp rise in price of commodities such as oil and gas, metals and mining, which led to supernatural profits by commodity-based public sector enterprises and oil marketing companies (OMCs).

<https://www.thehindubusinessline.com/data-stories/data-focus/at-18719-crore-centres-psu-dividend-receipts-near-50-of-fy23-target/article66148886.ece>

Industry

Credit demand from women-led MSMEs doubled this festive season from pre-pandemic levels: Survey

MSME-focused non-banking financial company NeoGrowth on Thursday said the credit demand from women-led MSMEs doubled by the end of the festive months of 2022 from the pre-pandemic festive season of July-October 2019. Based on a survey conducted by NeoGrowth, the company said the two-fold rise in credit requirements of women-led small businesses was driven by strong consumer demand post-economic revival and subdued festive season spending over the past two years. Bengaluru, Hyderabad, and Mumbai were the top three cities in terms of credit demand. Other cities showing strong credit demand this festive season include Vijaywada, Ahmedabad, and Kolkata. Among categories, fashion & lifestyle, food and beverages, FMCG and retail saw higher credit inquiries as compared to other sectors, as the festive period concluded in October this year.

<https://www.financialexpress.com/industry/sme/msme-fin-credit-demand-from-women-led-msmes-doubled-this-festive-season-from-pre-pandemic-levels-survey/2831296/>

Front-of-pack labels may destroy ethnic foods industry: Federation of Sweets & Namkeen Manufacturers

Snack foods companies are objecting to the Food Safety and Standards Authority of India's (Fssai) proposal to implement front-of-pack warning labels with a star rating on all packaged foods, claiming that it would "destroy" the country's ethnic foods industry. The Federation of Sweets & Namkeen Manufacturers, which represents mid-size and large companies including the Haldiram Group, Bikanervala, Balaji Wafers and Greendot Health Foods have written to Fssai chief executive S Gopalakrishnan, stating that the proposed labelling model would hurt a majority of companies making foods such as chips, namkeens and ethnic sweets. "The new proposal will be a big deterrent to Indian snacks and sweets companies," said Vikram Agarwal, managing director of Greendot Health Foods, which owns the Cornitos brand of salty snacks. "Consumers take their informed decisions, and they can be advised on the quantity of consumption, but not outright warnings on packs. Consumption of salt, sugar and fat changes every hundred kilometres in India," Agarwal said.

<https://economictimes.indiatimes.com/industry/cons-products/food/front-of-pack-labels-may-destroy-ethnic-foods-industry-federation-of-sweets-namkeen-manufacturers/articleshow/95588518.cms>

2022 e-commerce festival sales almost 2x of 2019: Redseer report

E-commerce retailers led by Amazon and Flipkart garnered sales worth Rs 76,000 crore during the one-month festival sale event — almost double the pre-pandemic figure of Rs 40,000 crore in 2019, according to a report by consulting firm Redseer. This is also about 25 per cent year-over-year (YoY) growth compared to the festive sale month of CY2021. Redseer had earlier projected e-commerce sales of Rs 83,000 crore for the festival sale period that began on September 22 and extended till October 23 this year. For platforms that did not run a sale during any of these dates, the report considered BAU (business-as-usual) order volumes. Though a major portion of the sales during the festive season continues to come from electronic products and mobile phones, this category grew only 7 per cent YoY. "Electronics and mobile (sales) have now come down a little bit from a growth perspective to 7 per cent compared to last year," said Ujjwal Chaudhry, partner, Redseer Strategy Consultants.

https://www.business-standard.com/article/companies/e-commerce-giants-clock-rs-76k-crore-during-one-month-festive-sale-event-122111701119_1.html

Agriculture

Rabi crop sowing delayed due to unseasonal rains

Unseasonal rains in late September and early October have delayed the sowing of rabi crops such as mustard, wheat and potatoes by a fortnight as farmers from certain pockets of the country are still harvesting the kharif crop. While sowing of some rabi crops is getting delayed, acreage of chickpea may decrease this year as farmers from Rajasthan, Uttar Pradesh and Madhya Pradesh are not too keen as they have not got good prices in past couple of years. "Though sowing of mustard is advancing at a fast pace, in some states such as Bihar, Odisha, Chhattisgarh, Haryana and West Bengal, the sowing is being delayed due to unseasonal rains during the kharif harvesting season," said Vijay Data, managing director of Vijay Solvex, which manufactures edible oils. "Generally, the sowing of mustard is over by November 15. But this year it is likely to be completed by November 30. We are hopeful that the acreage will go up by 10% this year."

<https://economictimes.indiatimes.com/news/india/rabi-crop-sowing-delayed-due-to-unseasonal-rains/articleshow/95588030.cms>

Infrastructure

Finance Minister Nirmala Sitharaman asks NIIF team to explore opportunities under PM Gati Shakti, National Infrastructure Pipeline

Union Finance Minister Nirmala Sitharaman on Thursday chaired the 5th meeting of the Governing Council (GC) of National Investment and Infrastructure Fund (NIIF) in New Delhi. Sitharaman asked the team to look out for opportunities under National Infrastructure Pipeline, PM GatiShakti and National Infrastructure Corridor. "The Finance Minister exhorted the NIIFL team also to explore opportunities under the National Infrastructure Pipeline, PM GatiShakti and National Infrastructure Corridor, which include a big pool of investible greenfield and brownfield investment projects, and to try and crowd in commercial capital into those opportunities," stated a press release.

<https://economictimes.indiatimes.com/news/economy/infrastructure/finance-minister-nirmala-sitharaman-chairs-5th-meeting-of-governing-council-of-niif/articleshow/95582024.cms>

Nitin Gadkari launches Rs 1,206-cr national highway projects in West Bengal

Union Minister for Road Transport and Highways Nitin Gadkari inaugurated and laid the foundation stone of 3 national highway (NH) projects worth Rs 1,206 Crore in Siliguri on Thursday. Addressing the gathering, Gadkari said that the inaugurated projects include 2-lane ROB in replacement of Level Crossing at km 615.5 of NH-31 (Oodlabari) and would give significant boost to international connectivity and ROB in lieu of Level Crossing at km 661.100 on NH-31 (Maynaguri). He said that it would help reduce accidents due to improved safety features and bring down travelling time and distance. Gadkari said that the development of these projects will lead to industrial and economic growth in West Bengal as well as in the eastern parts of India with significant inroads towards the agriculture sector.

https://www.business-standard.com/article/economy-policy/nitin-gadkari-launches-rs-1-206-cr-national-highway-projects-in-west-bengal-122111700685_1.html

Civil aviation ministry to amend slot allocation guidelines for airlines

The civil aviation ministry is planning to amend the guidelines for the allocation of slots for airlines, wherein it has proposed to review the allocation every six months. A slot authorises an airline to operate a flight at a particular airport during a specific time. Under the proposal, the ministry has proposed changing the frequency of review of the slot allocation every six months from the current practice of one year. As per the proposed change, "historic precedence is only granted for a series of slots if the airline can demonstrate to the satisfaction of the coordinators that the series was operated at least 80 per cent of the time during the period allocated in the previous season". The ministry has sought comments on the proposal till November 28, according to a communication on its website.

https://www.business-standard.com/article/economy-policy/civil-aviation-ministry-to-amend-slot-allocation-guidelines-for-airlines-122111701309_1.html

Udan levy on airlines to double from Jan due to inflation, route expansion

The civil aviation ministry has decided to double the per-flight regional connectivity levy it collects from airlines to Rs 10,000 from January. The hike has been proposed due to inflation and planned expansion in the regional routes,

according to a civil aviation ministry official. "There is a huge demand for expansion of the Udan scheme. By 2026, it is proposed to operationalise 1,000 routes and that would require additional VGF. There has been no increase in the levy since the project's launch in 2017. The VGF paid to airlines is indexed to inflation and airlines are paid at enhanced rates. This could create a fund deficit in future and hence the hike in levy has been proposed," the official explained.

https://www.business-standard.com/article/economy-policy/udan-levy-on-airlines-to-double-due-to-inflation-route-expansion-122111701176_1.html

Energy

Integrate 60% renewable energy for cut in emissions by one-third: Report

Tamil Nadu would be able to cut emissions by one-third if 60 per cent of the renewable energy capacity was integrated by 2030, a report said on Thursday. Tamil Nadu, one of the highest per capita power-consuming States in the country, would play a prominent role in energy transition. "A highly industrialised State like Tamil Nadu notwithstanding its growing energy needs can reduce emissions by 25-32 per cent if the State integrates about 60 per cent of renewable capacity," said the report 'Working Paper' released at the event 'Tamil Nadu Sustainable Energy Transformation Dialogues' in Chennai.

<https://economictimes.indiatimes.com/industry/renewables/integrate-60-renewable-energy-for-cut-in-emissions-by-one-third-report/articleshow/95584533.cms>

Healthcare

Top 300 drug brands to now have QR codes on label for ensuring authenticity

The Centre has decided to introduce QR codes for ensuring authenticity and traceability for 300 common drug brands, including analgesics, vitamins, diabetes, and hypertension medicines etc. The draft notification issued in June this year, has been finalised this month. The move will impact popular brands like Dolo, Allegra, Saridon, Corex etc. However, sources indicated that the pharmaceutical industry has sought 18-months (from the date of final notification) time to implement the same. The Union Ministry of Health has made necessary amendments to the Drugs Rules, 1945 to implement this. In March the ministry had asked the department of pharmaceuticals (DoP) to shortlist the 300 drug brands that can be included for implementation of mandatory QR codes.

https://www.business-standard.com/article/economy-policy/top-300-drug-brands-to-now-have-qr-codes-on-label-for-ensuring-authenticity-122111701006_1.html

External

India, GCC group to launch free trade pact negotiations on November 24

India and the Gulf Cooperation Council (GCC) are expected to launch negotiations for a free trade agreement on November 24 with an aim to boost economic ties between the two regions, an official said. GCC is a union of six countries in the Gulf region — Saudi Arabia, UAE, Qatar, Kuwait, Oman and Bahrain. "The FTA will be launched on November 24. GCC officials will be here to launch the talks," the official said. India has already implemented a free trade pact with the UAE in May this year. Commerce and industry minister Piyush Goyal had, on November 16, said that India will be launching a new free trade agreement (FTA) next week. This would be a kind of resumption of FTA talks as earlier two rounds of negotiations held in 2006 and 2008 between India and GCC. Third round did not happen as GCC deferred its negotiations with all countries and economic groups. India imports predominately crude oil and natural gas from the Gulf nations like Saudi Arabia and Qatar, and exports pearls, precious and semi-precious stones; metals; imitation jewellery; electrical machinery; iron and steel; and chemicals to these countries.

<https://www.financialexpress.com/economy/india-gcc-group-to-launch-free-trade-pact-negotiations-on-november-2/2826631/>

Binding commitments on new issues in FTAs may hamper India's exports in future: Report

Taking binding commitments on new issues like environment, labour and sustainability in the proposed free trade agreements (FTA), being negotiated by India, may hamper the country's exports in the future, according to a report by Global Trade Research Initiative. India's already "weak" FTA outcomes may worsen if it takes obligations in the

new issues, the report — FTAs: Fabulous, Futile, or Flawed? An evaluation of India's FTAs with ASEAN, Japan and South Korea — said. It added that like many developing countries, India has an evolving regulatory framework on most new issues. "International commitments must be taken only after the domestic regulatory framework is in place. And both must be in sync. New non-trade issues may serve as non-trade barriers and hamper our exports in the future," GTRI (Global Trade Research Initiative) report said.

<https://www.financialexpress.com/economy/binding-commitments-on-new-issues-in-ftas-may-hamper-indias-exports-in-future-report/2828927/>

India enters into deal for export of 35 lakh tonnes sugar so far in 2022-23 season: ISMA

India has entered into a contract for export of about 35 lakh tonnes of sugar so far in the ongoing 2022-23 season, out of which 2,00,000 tonnes have been shipped last month, industry body ISMA said on Thursday. The 2022-23 sugar export policy announced on November 5 allowed exports of 60 lakh tonnes of the sweetener on a quota-basis till May 31. Further quantities for export would be allowed after assessing the domestic production. Sugar season begins from October to September. According to Indian Sugar Mills Association (ISMA), "As per port information and market reports, about 35 lakh tonnes of contracts for export of sugar have already been entered into so far." Out of this, about 2,00,000 tonnes sugar have been physically exported out of the country in October, when compared to about 4,00,000 tonnes in the corresponding month last year, it said in a statement.

<https://www.financialexpress.com/economy/india-enters-into-deal-for-export-of-35-lakh-tonnes-sugar-so-far-in-2022-23-season-isma/2829460/>

Tea exports rise 14.8% to 140.28 mn kgs in Jan-Aug period this year: Data

Exports of tea from India increased by 14.8 per cent to 140.28 million kilograms in the first eight months of the 2022 calendar year, according to Tea Board data. Tea shipments during the January-August period in 2021 stood at 122.18 million kilograms (mkgs). The CIS countries, including Russia, Ukraine and Kazakhstan, remained the largest importer of Indian tea with 30.56 mkgs in the first eight months of 2022, marginally higher than 29.13 mkgs shipped out to these nations in the year-ago period, the data said. Sources in the industry said that tea exports did not pick up substantially due to shipping and container costs which skyrocketed due to the war between Russia and Ukraine. After the CIS countries, UAE was the second largest importer at 23.84 mkgs, a rise of 157 per cent from 9.27 mkgs in the similar period in 2021.

https://www.business-standard.com/article/economy-policy/tea-exports-rise-14-8-to-140-28-mn-kgs-in-jan-aug-period-this-year-data-122111700718_1.html

India's oilmeal exports rise 38.45% to 1.98 MT during Apr-Oct period: SEA

The country's export of oilmeal, used as animal feed, rose 38.45 per cent to 19.84 lakh tonnes during the April-October period of the current fiscal on sharp rise in shipment of rapeseed meal, industry body SEA said on Thursday. The country had exported 14.33 lakh tonnes of oilmeal in the same period of the previous financial year. According to Solvent Extractors Association of India (SEA), out of the total oilmeal exports, the shipment of rapeseed meal doubled to 13.41 lakh tonnes during the April-October period of the current fiscal, from 6.58 lakh tonnes in the year-ago period. Export of rapeseed meal rose sharply on account of a record crop and crushing that resulted in highest processing and availability of the commodity, it said.

https://www.business-standard.com/article/economy-policy/india-s-oilmeal-exports-rise-38-45-to-1-98-mt-during-apr-oct-period-sea-122111700627_1.html

Steel exports continue to soften, down 66 per cent in October

India's steel exports dipped 66 per cent in October — the highest for this fiscal — to 360,000 tonnes on the back of weakened global demand and higher price compared with competitors. Exports in October 2021 export was 1.05 million tonnes, according to Steel Ministry data. Sequentially (October vs September) exports dipped nearly 40 per cent. The decline was across all categories including non-alloy steel, alloyed and stainless steel. Steel export has been on a slide since of the beginning of this fiscal (April onwards) as recessionary fears and geo-political unrest led to slow demand and a downturn in the metal cycle

<https://www.thehindubusinessline.com/markets/commodities/steel-exports-continue-to-soften-down-66-per-cent-in-october/article66149667.ece>