



February 21, 2022 – Monday

Key Developments

Commerce department being revamped to achieve the \$2 trillion exports target by 2027: Government

The government on Sunday said that the commerce department is being revamped to achieve the \$2 trillion exports target by 2027. As per a statement issued by the commerce and industry ministry, a strengthened negotiation ecosystem and a dedicated 'Trade Promotion Body' to drive overall promotion strategy, export targets and execution besides an inter-ministerial Trade Remedies Review Committee for transparency in investigations outcomes are proposed to be set up.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/commerce-department-being-revamped-to-achieve-the-2-trillion-exports-target-by-2027-government/articleshow/89707925.cms>

Economy

New CSR disclosure framework to enhance transparency: Govt official

The new disclosure framework for CSR spending by companies will help gather granular details for analytical purposes and also bring greater transparency with respect to expenditure, according to a senior government official. The Corporate Social Responsibility (CSR) regime, applicable for certain class of profitable companies, came into force in April 2014 and official data available up to September 30, 2021, showed that an amount of Rs 8,828.11 crore was spent towards such works in the last financial year. According to the National CSR data portal, maintained by the corporate affairs ministry, the amount spent in 2020-21 fiscal is Rs 20,360 crore. However, the figure is likely to be higher as corporates have time till March to submit their filings related to CSR.

https://www.business-standard.com/article/companies/new-csr-disclosure-framework-to-enhance-transparency-govt-official-122022000441_1.html

EPFO adds 1.46 mn subscribers in Dec, improving number 14.6% from year ago

Retirement fund body EPFO added 14.6 lakh subscribers on a net basis in December 2021, an increase of 16.4 per cent compared to the year-ago period, according to the latest payroll data. The provisional payroll data of Employees' Provident Fund Organisation (EPFO) released on Sunday showed that the EPFO had added 12.54 lakh net subscribers during December 2020. The net subscriber addition in December has increased by 19.98 per cent as compared to the previous month of November 2021, a labour ministry statement said. The net subscriber addition in November 2021 was revised downwards to 12.17 lakh from 13.95 lakh provisional estimates released in January 2022.

https://www.business-standard.com/article/economy-policy/epfo-adds-1-46-mn-subscribers-in-dec-improving-number-14-6-from-year-ago-122022000627_1.html

Banking and Finance

Sebi rejigs advisory committee on alternative investment policy

Sebi has reconstituted its alternative investment policy advisory committee, which advises the capital markets regulator on a range of issues that impact further development of the AIF space. The committee has now 20 members, as per an update by the Securities and Exchange Board of India (Sebi). The panel, which was constituted by Sebi in March 2015, earlier had 22 members. Till now, the committee has submitted three reports on the AIF (Alternative Investment Fund) industry. The committee is chaired by Infosys co-founder N R Narayana Murthy. Apart from Murthy, the committee includes members from Sebi, Ministry of Finance, AIF players and industry associations.

https://www.business-standard.com/article/markets/sebi-rejigs-advisory-committee-on-alternative-investment-policy-122022000237_1.html

FPIs pull out ₹18,856 crore from Indian markets in February so far

Foreign portfolio investors (FPIs) have withdrawn a net ₹18,856 crore from the Indian markets in February so far amid geopolitical tensions and chances of a rate hike by the US Federal Reserve. As per depositories data, overseas investors took out ₹15,342 crore from equities and ₹3,629 crore from the bonds market between February 1-18. At the same time, they invested ₹115 crore in hybrid instruments.

<https://www.thehindubusinessline.com/markets/fpis-pull-out-18856-crore-from-indian-markets-in-february-so-far/article65068050.ece>

LIC's business plan change after IPO a threat to private firms: Report

Amendments to the surplus/profit distribution rules for IPO-bound LIC, which has already improved its margins by 700 bps to 9.9 per cent and will further rise to 20 per cent when the national insurer shifts its business mix to non-participating policies, can give nightmares to private players who have been thriving on this segment for too long, says a report. According to an analysis of its initial public offer (IPO) filings by Swiss brokerage Credit Suisse, SBI Life, ICICI Prudential, HDFC Life and Max Life will face the maximum impact of the LIC move. The report notes that LIC's margin has already gone by up 700 bps to 9.9 percent after government amended LIC's surplus/profit distribution rules which allows it to make a 10 per cent shift in the business mix from participating policies to non-participating policies, which is only 4 per cent now, which can take its margins to 20 per cent.

https://www.business-standard.com/article/companies/biz-mix-tweak-will-have-lic-becoming-bigger-threat-to-pvt-players-report-122022000424_1.html

Industry

Five companies submit proposals to set up semiconductor and display facilities

The government said on Saturday that it received proposals from five companies to set up electronic chip and display manufacturing plants with investment of \$20.5 billion (₹1.53 lakh crore). A Vedanta Foxconn joint venture, IGSS Ventures and ISMC propose to set up electronic chip manufacturing plants with \$13.6 billion investment and have sought support of \$5.6 billion from the Centre under the ₹76,000 crore Semicon India Programme, a news release from the Ministry of Electronics and IT said. Vedanta and another company, Elest, have submitted applications for setting up display fab projects with an investment of \$6.7 billion.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/five-companies-submit-proposals-to-set-up-semiconductor-and-display-facilities/articleshow/89696083.cms>

More smaller packs of staples sold in 2021

Indians are buying more packs of daily essentials and groceries, but volumes remained unchanged as consumers opted for smaller sizes as rising inflation pressured monthly budgets of families. Households across India bought about 645 packs in 2021 on an average, 8% higher compared to a year ago, according to a recent Kantar report. Yet, volumes, that indicate the number of products sold, expanded just 0.1% as average pack size purchased fell to 321 grams, a 10% drop from 356 grams in 2020. While consumers bought smaller packs more frequently, companies slashed grammages to keep prices unchanged amid escalating costs that impacted volume growth.

<https://economictimes.indiatimes.com/industry/cons-products/fmcbg/more-smaller-packs-of-staples-sold-in-2021/articleshow/89713183.cms>

Consumer goods companies bet on a sweet and colourful Holi

Consumer goods makers selling cooking oil, packaged snacks, sweets, frozen food, ice cream, and beverages are betting big on Holi to add a dash of much-needed colour to their business after two consecutive washouts the past couple of years due to significant mobility curbs during the pan-India spring festival. Consumer goods makers said stores, including retail chains and online grocers, are placing 15-20% higher order volumes in the run-up to the Holi week as compared with 2021, with daily Covid cases rapidly declining and states easing curbs on mobility and business hours. Holi will be celebrated on March 18.

<https://economictimes.indiatimes.com/industry/cons-products/fmkg/consumer-goods-cos-bet-on-a-sweet-and-colourful-holi/articleshow/89712850.cms>

Car repossessions see sharp surge as used auto market in slow lane

The usually booming used car market is facing a serious demand-supply mismatch. As new model availability has decreased due to semiconductor shortages, consumers are holding on to their old vehicles instead of trading them in. Resellers are counting on more consumer bad news – a rising number of auto repossessions – to meet the gap in supply. “Repossessed car stocks are migrating to the used car market as their defaults get cleared through auction processes, following which banks and other financial institutions are offering fresh financing for these cars,” said Sameer Malhotra, Director and CEO, Shriram Automall India, a leading pre-owned vehicles buyer and seller.

<https://economictimes.indiatimes.com/industry/auto/auto-news/car-repossessions-see-sharp-surge-as-used-auto-market-in-slow-lane/articleshow/89692128.cms>

Infrastructure

Tighter rules for ship entry

India has clarified that vessels operating in Indian offshore facilities should also hold a valid third-party liability cover against maritime claims such as oil pollution, wreck removal and damage to port property. The stipulation mandated under Merchant Shipping (Regulation of Entry of Ships into Ports, Anchorages and Offshore Facilities) Rules, 2012 has not been followed by some vessels used in supporting offshore oil installations.

<https://www.thehindubusinessline.com/economy/logistics/tighter-rules-for-ship-entry/article65063235.ece>

Telecom

Govt telecom revenues in FY'23 to be significantly higher than BE: Official

The government's revenue collection from telecom services will be significantly higher than the projection of Rs 52,806.36 crore made in the union budget after adding the collection from the proposed spectrum auction, a top telecom department official said. The government has lowered its revenue estimate from the telecom segment to Rs 52,806 crore for the next financial year, according to the budget document. "Some people are making advance payments and since spectrum auction is proposed we expect this to go northwards. It will be significantly higher but at this stage we won't be able to give any estimates because we don't have recommendations in hand, Telecom Secretary K Rajaraman told PTI. The telecom revenue collection is expected to be higher than the budget estimates of Rs 53,986.72 crore for the current financial year at Rs 71,959.24 crore.

Rajaraman said that the DoT has already collected Rs 69,559 crore as of February 3.

https://www.business-standard.com/article/economy-policy/govt-telecom-revenues-in-fy-23-to-be-significantly-higher-than-be-official-122022000489_1.html

Energy

New policy to cut green hydrogen cost by 40-50 per cent: IOC

India's largest oil firm IOC will set up 'green hydrogen' plants at its Mathura and Panipat refineries by 2024 to replace carbon-emitting units as it sees the just announced green hydrogen policy as a watershed moment in the country's energy transition that will help cut costs.

<https://www.thehindubusinessline.com/economy/policy/new-policy-to-cut-green-hydrogen-cost-by-40-50-per-cent-ioc/article65067951.ece>

Govt plans new tech, digital infrastructure to support domestic coal mines operations

The government plans to implement new technologies and build digital infrastructure to support current and future coal mines operations, a move that would reduce the country's dependency on imports. "The objective is to implement new technologies and build digital infrastructure to support current and future ramp-up for the mines," according to the government's draft technology road map for the coal sector.

<https://www.thehindubusinessline.com/news/govt-plans-new-tech-digital-infrastructure-to-support-domestic-coal-mines-operations/article65067941.ece>

External

India-UAE CEPA: Import duties on 90 per cent of Indian products to be immediately eliminated

The UAE will extend zero duty access to 90 per cent of goods exported from India from the first day of implementation of the India-UAE Comprehensive Economic Partnership Agreement (CEPA), possibly in April or May this year, widening market opportunities for a large number of labour-intensive sectors including garments & textiles, gems & jewellery, engineering items, plastic products and pharmaceuticals. The CEPA, signed by Commerce and Industry Minister Piyush Goyal and his UAE counterpart Abdulla bin Touq Al-Mari on Friday, seeks to increase bilateral trade to \$100 billion in five years time, and is likely to create an estimated 10 lakh jobs in India.

<https://www.thehindubusinessline.com/economy/india-uae-cep-import-duties-on-90-per-cent-of-indian-imports-to-be-immediately-eliminated/article65065538.ece>

Services exports may reach \$325 billion in fiscal year 2023: SEPC

The country's services export is expected to reach USD 325 billion in 2022-23 on account of increasing demand for all kinds of services and gradual resumption of regular international travels, SEPC Chairman Sunil H Talati said. He said by the end of the ongoing fiscal year, services exports would reach about USD 250 billion. The estimated value of services export for April-January 2021-22 is USD 209.83 billion, exhibiting a growth of 25.31 per cent as compared to the year-ago period's USD 167.45 billion. "With the hope of COVID-19 waning away soon, demand for all kinds of services is increasing in the global markets, so we are setting an ambitious target of USD 325 billion in 2022-23," Talati, Chairman of Services Export Promotion Council (SEPC) said.

https://www.business-standard.com/article/economy-policy/services-exports-may-reach-325-billion-in-fiscal-year-2023-sepc-122022000305_1.html

Leather, footwear exports to cross \$6 billion in 2022-23: CLE

The country's leather and footwear exports are expected cross USD 6 billion (about Rs 44,800 crore) in 2022-23 on account of increasing demand in the US and new markets such as Middle East, Africa and Latin America, CLE Chairman Sanjay Leekha said. Chairman of the Council for Leather Exports (CLE) said implementation of recently signed free trade agreement between India and the UAE would also help in pushing the exports further besides creating employment in the sector. During April-January this fiscal, leather and leather products exports rose by 33 per cent to USD 3.6 billion. The exports stood at USD 3.3 billion in 2020-21 and USD 4.7 billion in 2019-20. "We are getting good response from the US and that too from big brands. We are also looking to record healthy growth in Latin America, the Middle east, and Europe. In this backdrop, we are confident that we would cross USD 6 billion in 2022-23," Leekha said.

https://www.business-standard.com/article/economy-policy/leather-footwear-exports-to-cross-6-billion-in-2022-23-cle-122022000319_1.html