



November 10, 2022 – Thursday

Key Developments

Centre allows export incentives for those settling trade in rupee

The Centre on Wednesday amended the foreign trade policy (FTP) to enable traders to claim export benefits even if payment is settled in the rupee. So far, export incentives were available only when the trade was settled in a foreign currency. The amendments by the Directorate General of Foreign Trade (DGFT) came into force with immediate effect. The development comes against the backdrop of the mechanism to settle international trade transactions in the rupee which was unveiled by the Reserve Bank of India (RBI) in July. Given the government's push towards the internationalisation of the rupee, these policy amendments shall help ease international trade transactions in the domestic currency. "The Government of India has made suitable amendments in the Foreign Trade Policy and Handbook of Procedures to allow for international trade settlement in Indian rupees (INR) i.e. invoicing, payment, and settlement of exports/imports in Indian rupees," the department of commerce said in a statement.

https://www.business-standard.com/article/economy-policy/centre-amends-ftp-to-enable-exporters-claim-benefit-in-indian-rupee-122110901564_1.html

Economy

India's FY24 GDP growth to slow down to 5.5%, says UBS India report

India's GDP growth will slow down to 5.5 per cent in FY24 from the 6.9 per cent expected in the current fiscal 2022-23, a Swiss brokerage said on Wednesday. The slowdown was attributed to slowing global growth and tightening of monetary policies in the report by economists at UBS India. It said India will be among the "lesser affected economies" in the world, but made it clear that the world's fifth largest economy is not immune from global headwinds. "Factoring in the delayed impact of monetary tightening on domestic demand, we continue to expect India's growth to remain below consensus in FY24. In our base case, we expect India's real GDP growth to slow from 6.9 per cent in FY23 to 5.5 per cent in FY24 before settling at the long-run average of 6 per cent in FY25," the report said.

https://www.business-standard.com/article/economy-policy/india-s-fy24-gdp-growth-to-slow-down-to-5-5-says-ubs-india-report-122110901531_1.html

NITI Aayog's Atal Innovation Mission launches women-centric challenges to support new ideas

NITI Aayog's Atal Innovation Mission (AIM), which aims to promote innovation and entrepreneurship in the country, on Wednesday announced the launch of women-centric challenges under phase-II of the second edition of the Atal New India Challenge (ANIC). ANIC said it aims to seek, select, support and nurture technology-based innovations that solve sectoral challenges of national importance and societal relevance through a grant of up to Rs 1 crore. "ANIC's Woman centric challenges address the major issues faced by women from all spheres of life. These include driving women hygiene through innovation, innovations to improve women's safety, professional networking opportunities for women, innovations that make working mothers' life better, and easing the life of rural women," NITI Aayog said in a statement.

<https://www.financialexpress.com/industry/sme/msme-eodb-niti-aayogs-atal-innovation-mission-launches-women-centric-challenges-to-support-new-ideas/2798021/>

Two-thirds of Indian knowledge workers likely to switch jobs in 2023: Study

Around two-thirds of knowledge workers in India are likely to switch jobs next year for reasons that include burnout and disconnection with senior leaders, a survey report said on Wednesday. At least 54 per cent of India's knowledge workers—professionals who use their analytical and theoretical skills to develop services or products—felt burned out in the past year, according to the survey by software firm Slack Technology. The situation is worse in organisations with up to 199 employees. In such places 59 per cent of knowledge workers have felt overwhelmed, compared to 48 per cent in organisations with more than 1,500 employees. Slack surveyed 2,000 Indian knowledge workers employed by companies with more than 100 employees. The report said Indian desk-based workers expect better communication from their leaders and are likely to look for another job if they don't get it. As many as 71 per cent of young workers were about to change their jobs.

https://www.business-standard.com/article/companies/two-thirds-of-indian-knowledge-workers-likely-to-switch-jobs-in-2023-study-122110900917_1.html

Banking and Finance

Govt to finance green bond projects and initiatives under 9 categories

The Centre will finance projects and initiatives in nine broad categories through its Rs 16,000-crore green bond offering this year and future issuances. This would be in accordance with the new Green Bond Framework released by the finance ministry on Wednesday. The proceeds from green bond issuances will be deposited in the Consolidated Fund of India in line with the regular treasury policy. They will then be made available for eligible green projects. The nine categories are renewable energy, energy efficiency, clean transportation, climate change adaptation, sustainable water and waste management, pollution prevention and control, green buildings, sustainable management of living natural resources and land use, and terrestrial and aquatic biodiversity conservation. The projects will cover renewable energy, energy-efficient buildings, electrification of public transport and climate resilient infrastructure. It would also include organic farming, flood and climate warning systems and land and marine biodiversity projects.

https://www.business-standard.com/article/economy-policy/govt-to-finance-green-bond-projects-and-initiatives-under-9-categories-122110901679_1.html

RBI prefers centralised database for CBDC over distributed ledger technology

The Reserve Bank of India prefers a centrally-controlled, conventional database infrastructures for CBDC (central bank digital currency) instead of DLT (distributed ledger technology)-based infrastructure due to the latter's limitations. While both conventional and DLT-based infrastructures store data multiple times and in separate physical locations, the key difference is in how data is updated. In conventional databases, data is stored over multiple physical nodes, controlled by one authoritative central entity, which ensures resilience. On the other hand, in DLT-based systems, the ledger is usually managed jointly by multiple entities in a decentralised manner and each update needs to be harmonised amongst the nodes of all entities. This consensus mechanism requires additional overhead owing to which DLTs enable lower volumes of transactions, RBI said in its CBDC concept note, issued in October.

<https://www.thehindubusinessline.com/money-and-banking/rbi-prefers-centralised-database-for-cbdc-over-distributed-ledger-technology/article66116304.ece>

Corporate advances of banks surge in Q2 despite rate hikes

Despite inflationary pressures and rate hikes, corporate credit offtake has seen significant growth in the second quarter of the current fiscal for several banks. The increase in the credit offtake was in double-digits for major banks, going up to 27 per cent in some cases. Domestic advances growth was driven by a 21.2 per cent surge in corporate advances for State Bank of India (SBI). "The performance in some sectors of the economy has surpassed pre-pandemic levels, leading to higher credit appetite and better confidence to land among banks, said a senior SBI official. Sandeep Bakhshi, Managing Director and CEO of ICICI Bank, said domestic corporate portfolio grew 23.1 year-on-year and 6.8 per cent sequentially for the bank in the second quarter, driven by growth across well-rated

financial and non-financial corporates. The numbers of other banks show a similar trend. For HDFC Bank, Canara Bank, Punjab National Bank, Indian Overseas Bank, Bank of Baroda and Indian Bank saw corporate advance growing in double-digits, except for Indian Bank.

<https://www.thehindubusinessline.com/money-and-banking/corporate-advances-of-banks-surge-in-q2-despite-rate-hikes/article66114891.ece>

Sebi proposes framework for regulated entities to address risks associated with cloud-based solutions

Capital markets regulator Sebi has proposed a cloud framework for its regulated entities, highlighting key risks and control measures such entities need to consider before adopting cloud-based solutions. The proposed framework outlines the regulatory and legal expectations from Sebi-regulated entities (REs) if they adopt cloud computing solutions. "In recent times the dependence on cloud solutions for delivering information technology (IT) services is increasing. "While cloud solutions offer multiple advantages — ready to scale, ease of deployment, no overhead of maintaining physical infrastructure among others — an RE should also be aware of the new cyber security risks and challenges which cloud solutions introduce," the regulator said in its consultation paper. Accordingly, a cloud framework has been drafted to address the risks effectively and ensure legal and regulatory compliance. The Securities and Exchange Board of India (Sebi) has sought comments on the proposal till November 14.

<https://www.financialexpress.com/market/sebi-proposes-framework-for-regulated-entities-to-address-risks-associated-with-cloud-based-solutions/2797055/>

Sebi panel suggests steps to beef up governance at MIIs

A regulatory panel, set up to strengthen governance at stock exchanges and other market infrastructure institutions, has recommended several steps to improve their transparency and accountability. In a 108-page report submitted to the Securities and Exchange Board of India (Sebi), the expert committee has said that all such institutions should create three distinct verticals to avoid conflict of interest. These include 1) critical operations; 2) regulatory, compliance and risk management; and 3) other functions such as business development. The committee suggested the first two verticals get priority in terms of resource allocation and utilisation. Further, the functions under the first two verticals separately should be given higher priority.

<https://economictimes.indiatimes.com/markets/stocks/news/sebi-panel-suggests-steps-to-beef-up-governance-at-miis/articleshow/95413078.cms>

Centre mulling changes to capital gains tax regime

The government is examining possible changes to the capital gains tax regime to make it simpler, including rationalisation of the multiple holding periods, officials said. Parity within asset classes will be a key consideration in the review that may even consider changes in the tax rate. "The capital gains tax regime is slightly complex. There is a case for simplifying and rationalising it," said a government official aware of the deliberations. The direct tax task force report of 2019 is likely to be a starting point for the proposed exercise, the official added. A final call on the rationalisation of the holding period and the rates would be taken at the highest political level closer to the budget, the official said.

<https://economictimes.indiatimes.com/news/india/centre-mulling-changes-to-capital-gains-tax-regime/articleshow/95413093.cms>

Industry

Inflation keeps grip on FMCG, volumes dip again in July-September

Consumption of packaged consumer goods in the country fell for the fifth straight quarter in July-September, when the fast-moving consumer goods (FMCG) market shrank 0.5% on-year by volume - driven by food products - amid rising prices. Urban sales showed some improvement, falling 0.8% in the September quarter against a 4% decline in the previous two quarters. However, the rural market, which was growing until last quarter, fell 0.2% on-year, data from global consumer research firm Kantar Worldpanel (formerly IMRB) show. Volume indicates the unit number of products bought or consumed. "If rural decline persists, for which there is a good chance, then India's return to growing FMCG might be delayed by a quarter or two," said K Ramakrishnan, South Asia managing director of consulting firm Kantar.

<https://economictimes.indiatimes.com/industry/cons-products/fmcg/inflation-keeps-grip-on-fmcg-volumes-dip-again-in-july-september/articleshow/95413188.cms>

FSSAI's front-of-pack labelling proposal will severely hurt MSMEs in packaged food business: Trade body

The umbrella body for trade associations and sellers Indian Sellers Collective has opposed the Food Safety and Standards Authority of India's (FSSAI) proposal of Front of Pack Nutrition Labelling (Indian Nutrition Rating) Regulation FOPNL (INR). The representative body on Wednesday said the FOPNL will result in ethnic Indian foods being classified as unhealthy, causing severe loss of business to MSMEs in packaged food manufacturing and sellers. The body said it will also open the floodgates for western packaged food to capture the Indian markets. FSSAI in September this year released the draft regulations for FOPNL that proposes a star-rating system to convey nutritional information about packaged food products to consumers. The ratings will be displayed on the front labels once regulations are finalised. The packaged items will be given one-to-five-star ratings and therefore 'good-food', 'not-good food', etc. based on their salt, sugar, and fat content. Since, traditional Indian cuisine such as bhujia, dhokla and murukku etc., make use of salt, sugar, and fat, for various scientific and customary reasons, these items will ostensibly be marked 'unhealthy' under the proposed mathematical calculation and expression of star-rating system, leading to consumers rejecting them, the body said.

<https://www.financialexpress.com/industry/sme/msme-eodb-fssais-front-of-pack-labelling-proposal-will-severely-hurt-msmes-in-packaged-food-business-trade-body/2797918/>

Over 82% biz executives see cybersecurity budgets rising in 2023: Survey

More than 82 per cent of business executives surveyed in India anticipate an increase in cybersecurity budgets in the coming year, according to a PwC report. The survey highlights that of all the risks affecting organisations, India respondents consider a catastrophic cyberattack, a resurgence of COVID-19 or a new health crisis, and a new geopolitical conflict among the top three risks. "Over 82 per cent of business executives in India foresee an increase in cybersecurity budgets in 2023," said the PwC survey. According to the survey, 89 per cent of Indian business executives say their organisations' cybersecurity team detected a significant cyberthreat to business and prevented it from affecting their operations, as against 70 per cent globally. "It also highlights that 83 per cent Indian business executives say their organisation's cybersecurity team has improved supply chain risk management," according to PwC release.

https://www.business-standard.com/article/current-affairs/over-82-biz-executives-see-cybersecurity-budgets-rising-in-2023-survey-122110900993_1.html

Agriculture

Paddy procurement for central pool rises 6.8%

Procurement of paddy for the central pool in the ongoing 2022-23 kharif marketing season was 6.8% higher at 21.45 million tonnes as on November 7, compared with 20.08 million tonnes a year earlier, according to latest data from Food Corporation of India (FCI). The data indicate that this year, the government will actively procure paddy to fill up its stocks, as the central pool stocks of rice were 19% lower and the stock of un-milled paddy was 16% less as on October 1 compared with last year, said Rajiv Yadav, senior vice president at Origo Commodities, which focuses on commodity supply chain, post-harvest management, trade and finance. While procurement from Punjab, Haryana and Tamil Nadu increased this season, that in Uttar Pradesh, one of the top producers of the grain, was lower from last year. Till November 7, the state's contribution was 12.39 million tonnes against 14.63 million a year earlier.

<https://economictimes.indiatimes.com/news/economy/agriculture/paddy-procurement-for-central-pool-rises-6-8/articleshow/95411595.cms>

Agriculture Ministry okays setting up 100 fodder-centric FPOs in 2022-23

The government has finally designated National Dairy Development Board (NDDB) as the implementing agency for setting up of 100 fodder-centric Farmer Producer Organisations (FPOs) during this fiscal to address the fodder deficit situation in the country. The Ministry of Fisheries, Animal Husbandry and Dairying in 2020 had proposed the establishment of fodder-centric FPOs and requested the agriculture ministry to allow such FPOs under the central scheme "Formation and Promotion of 10,000 new FPOs". The proposal was considered seriously and the agriculture ministry finally issued an order on November 4. "The competent authority in the Department of Agriculture &

Farmers Welfare has approved to designate NDDB as implementing agency under the scheme of formation and promotion of 10,000 Farmer Producer Organisations (FPOs) to form and promote FPOs, primarily fodder centric, and animal husbandry activities as a secondary activity (fodder plus model)," the order said.

https://www.business-standard.com/article/economy-policy/agriculture-ministry-okays-setting-up-100-fodder-centric-fpos-in-2022-23-122110901160_1.html

Infrastructure

Nitin Gadkari approves Rs 68,000 crore worth of road projects in four NE states

Union Minister of Road Transport and Highways Nitin Gadkari on Wednesday approved a slew of new road projects, valued at Rs 68,000 crore, in four Northeastern states to make international standard surface connectivity. Addressing a late-night press conference after reviewing various national highway projects in the region, Gadkari said that new projects are worth Rs 50,000 crore for Assam, Rs 9,000 crore for Meghalaya, Rs 5,000 crore for Nagaland and Rs 4,000 crore for Sikkim were approved.

<https://economictimes.indiatimes.com/news/economy/infrastructure/nitin-gadkari-approves-rs-68000-crore-worth-of-road-projects-in-four-ne-states/articleshow/95410327.cms>

AAI eases licensing norms for setting up commercial facilities at its airports

State-owned Airports Authority of India (AAI) has liberalised norms for granting licences to entities for operating duty free shops and other commercial facilities at its airports. The decision, which is part of efforts to increase non-aeronautical revenues, also comes against the backdrop of air passenger traffic nearing pre-pandemic levels. In a release on Wednesday, AAI said it has re-oriented the policy for granting licence to operate commercial facilities like Food & Beverage (F&B) outlets, retail and duty free shops at the airports. "Aiming for enhanced ease of doing business, the AAI policy has been liberalised and made open to attract more and more entrepreneurs to operate such facilities at AAI-operated airports," the release said.

<https://economictimes.indiatimes.com/industry/transportation/airlines/-aviation/aai-eases-licensing-norms-for-setting-up-commercial-facilities-at-its-airports/articleshow/95410571.cms>

Energy

Coal demand yet to peak in India, dry fuel still plays a key role: Joshi

The Centre on Wednesday said that the demand for coal in India is still to reach its peak and the dry fuel will continue to play a key role in the energy mix till 2040 and beyond. Therefore, shift from coal will not happen in foreseeable future in the country, according to coal minister Pralhad Joshi. Joshi in his opening remarks, while chairing a meeting of Parliamentary Consultative Committee of the coal ministry, said that there is a push towards energy transition away from coal in the global world. "However, for India, coal, being an affordable source of energy, holds prime importance for meeting its energy needs being fuelled by rising economy," he said.

https://www.business-standard.com/article/economy-policy/coal-demand-yet-to-peak-in-india-dry-fuel-still-plays-a-key-role-joshi-122110901240_1.html

Inter-ministerial committee proposes setting up of a non-lapsable 'Green Energy Transition India Fund'

An inter-ministerial committee on just transition from coal has proposed setting up of a non-lapsable 'Green Energy Transition India Fund' to help coal bearing regions to chart an alternative development plan after coal mines in the region are closed in a phased manner. Further, it has proposed a dedicated coal mine closure policy and a three-tiered structure to oversee its implementation. "Resources for such fund may be raised from various sources such as international sources (climate finance), issuance of bonds, special levies or cesses, fines collected from polluters, existing resources such as clean energy cess and so on," the committee said in its report on Wednesday.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/metals-mining/inter-ministerial-committee-proposes-setting-up-of-a-non-lapsable-green-energy-transition-india-fund/articleshow/95408650.cms>

India saved over USD 4 bn in fuel costs through solar power from Jan to June: Report

India saved USD 4.2 billion in fuel costs through solar generation in the first half of 2022 and 19.4 million tonnes of coal that would have further stressed an already strained domestic supply, according to a new report released on

Thursday. The report by energy think tank Ember, the Centre for Research on Energy and Clean Air and the Institute for Energy Economics and Financial Analysis also analysed the growth of solar power over the last decade and found that five of the top 10 economies with solar capacity are now within Asia, including China, Japan, India, South Korea and Vietnam. The contribution of solar generation in seven key Asian countries -- China, India, Japan, South Korea, Vietnam, the Philippines and Thailand -- avoided potential fossil fuel costs of approximately USD 34 billion from January to June 2022, the report said.

<https://economictimes.indiatimes.com/industry/renewables/india-saved-over-usd-4-bn-in-fuel-costs-through-solar-power-from-jan-to-june-report/articleshow/95413414.cms>

External

Exporters can make adjustments in export prices to retain market share, suggests Industry and Commerce Minister, Piyush Goyal

Union Minister of Commerce and Industry Piyush Goyal on Monday suggested to exporters to make adjustments in prices for the time being to address short-term challenges and retain market share as per a report by the Press Trust of India (PTI). Addressing a meeting of representatives of export promotion councils, the minister also called for exploring export potential of unique products such as castor. He further instructed officials of the ministry to promote these products. The minister "told industry to strive to retain export markets even if they are to make temporary changes in their pricing structure to accommodate short-term challenges", said an official statement. The disruptions in the global trade can be utilised by occupying the space left vacant by certain other countries, suggested Goyal. He further asked officials to analyse export data according to sector, commodities and markets to find out areas of opportunity for the country's exports.

<https://www.financialexpress.com/industry/sme/msme-exim-exporters-can-make-adjustments-in-export-prices-to-retain-market-share-suggests-industry-and-commerce-minister-piyush-goyal/2797675/>

Indian sugar mills clinch export deals within days of government approval -dealers

Indian sugar mills are aggressively signing export deals, contracting for about 1 million tonnes just four days after New Delhi approved exports, as they get higher prices for their product in global markets, four dealers told Reuters. The quick shipments from the world's biggest producer of the sweetener and its second biggest exporter, could weigh on global prices, but help Indian mills in liquidating stockpiles quickly and prop up domestic prices. "The industry was waiting for the government to announce the policy," said a dealer with a global trading house based in Mumbai, the financial capital. "As soon as the policy was announced, traders and millers started signing export deals," added the dealer, who spoke on condition of anonymity. India's approval came late on Saturday for the export of 6 million tonnes of sugar in the 2022/2023 marketing year that started on Oct. 1.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/indian-sugar-mills-clinch-export-deals-within-days-of-government-approval-dealers/articleshow/95403161.cms>