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Economy

India's population may have already overtaken China's, estimate analysts

India may have already surpassed China as the world's most-populous nation in a milestone that adds urgency for Prime Minister Narendra Modi to create more jobs and ensure the country sustains its world-beating growth. The South Asian nation's population stood at 1.417 billion as of end 2022, according to estimates from the World Population Review, an independent organization focused on census and demographics. That's a little over 5 million more than the 1.412 billion reported by China Tuesday when authorities there announced the first decline since the 1960s. India, where half the population is under the age of 30, is set to be the world's fastest-growing major economy in the coming years. To make the most of the demographic dividend, Modi needs to create jobs for the millions of people entering the workforce every year as the nation moves away from farm jobs.

The United Nations had expected the milestone to be reached later this year. As of Jan. 18, India's population had already climbed to 1.423 billion, according to WPR.

https://www.business-standard.com/article/economy-policy/india-s-population-may-have-already-overtaken-china-s-estimate-analysts-123011800179_1.html

India making big strides in ease of doing business, says DPIIT Secretary

It is now possible to start a business in one day in India, matching the world's best scorer New Zealand on this front, DPIIT Secretary Anurag Jain said on Tuesday. The Department for Promotion of Industry and Internal Trade (DPIIT) Secretary said several other steps are underway on further improving ease of doing business in India, including on the labour laws front. All labour laws have been consolidated into four codes, which have been passed by Parliament and the government is in the process of their final implementation, he said. The central government is in the process of getting consent of all states and union territories on this, but in the meantime most states have started seeing the benefits and are already putting in place the rules, he added.

https://www.business-standard.com/article/economy-policy/india-making-big-strides-in-ease-of-doing-business-says-dpiit-secretary-123011700516_1.html

SBI estimates India's FY23 fiscal deficit at Rs 17.5 trn, FY24 Rs 17.95 trn

The upcoming Indian budget for 2023-24 will be a challenging one for the government to follow the roadmap for fiscal consolidation amidst a global environment of declining inflation, said a top economist of State Bank of India in a report. For India, this could make things difficult to set a nominal gross domestic product (GDP) number significantly higher than 10 per cent, with a deflator about 3.5 per cent. But this could also mean a higher GDP growth than anticipated at about 6.2 per cent, he said. He also said the fiscal deficit of the Indian government for FY23 will be about Rs.17.5 lakh crore.

https://www.business-standard.com/article/economy-policy/sbi-estimates-india-s-fy23-fiscal-deficit-at-rs-17-5-trn-fy24-rs-17-95-trn-123011700671_1.html

Banking and Finance

Sebi moots ASBA-like payment system for secondary market stock trade

The Securities and Exchange Board of India (Sebi) on Tuesday gave details of a proposed framework for shifting to a new payments system for secondary market trades. The move is primarily aimed at safeguarding investors from potential misuse of their funds by brokers.

https://www.business-standard.com/article/markets/sebi-details-new-payment-system-for-the-secondary-market-trades-123011700957_1.html

India may pause rate hikes in February: DSP Investment Managers

The Reserve Bank of India may pause its rate hike cycle as early as the next monetary policy decision in February, according to Ankita Pathak, an economist at DSP Investment Managers. With India's headline inflation for the October-December period falling below the RBI's estimate, the central bank could reevaluate its strategy amid an ongoing global growth slowdown, Pathak said in a Tuesday interview with Bloomberg Television. India's retail inflation cooled for a third straight month in December, as higher borrowing costs dampened demand and eased pressure on the RBI to raise interest rates next month. To rein in prices, the central bank has delivered five straight increases in FY23 to take the benchmark rate to 6.25 per cent — the highest in four years.

<https://www.financialexpress.com/economy/india-may-pause-rate-hikes-in-february-dsp-investment-managers/2950893/>

Centre planning rate changes in new income tax structure, says report

India is considering lowering rates under its voluntary income tax framework and could introduce revised slabs in the upcoming federal budget due on February 1, two government sources told Reuters on Tuesday. A final decision would be taken by the Prime Minister's Office, both the sources, who did not want to be named because the talks are private, said. The finance ministry did not respond to a Reuters email seeking comment. While the new optional income tax scheme - announced in 2020 to make tax compliance simpler - offers lower headline taxation rates on annual income, experts say it is unattractive to many as it does not allow exemptions on housing rentals and insurance among other things.

https://www.business-standard.com/article/economy-policy/centre-planning-rate-changes-in-new-income-tax-structure-says-report-123011700475_1.html

Analysts expect FM Nirmala Sitharaman to trim FY24 fiscal deficit to 6% or lower

Finance Minister Nirmala Sitharaman will keep on the path of fiscal consolidation and opt for narrowing the FY24 fiscal deficit to as low as 5.8 per cent in the upcoming Budget, analysts said on Tuesday. The government may go for a fiscal deficit number which will be far lower than the 6.4 per cent of GDP budgeted for FY23, they said, pegging the Budget figure for the next fiscal in the range of 5.8 - 6 per cent. Given the fact that this will be the last full Budget of the present government, there may be a temptation to make it into an expansionist one. In the two years following the pandemic, the fiscal deficit -- one of the key parameters while assessing macroeconomic stability which also influences inflation -- went up till 9.3 per cent. India will have to continue on this journey of fiscal consolidation and it does not have the luxury of pausing for the next few years, the analysts made it clear. "The government's promised fiscal consolidation path will require a herculean effort over the next few years. Think of it like a long-distance cyclist that needs to keep pedalling hard to reach the finish line; if it were to suddenly stop, it risks falling over," HSBC India's chief economist Pranjul Bhandari said in a note.

<https://economictimes.indiatimes.com/news/economy/indicators/analysts-expect-fm-nirmala-sitharaman-to-trim-fy24-fiscal-deficit-to-6-or-lower/articleshow/97061298.cms>

Govt may bump up allocation for existing PLI schemes

India is likely to substantially top up the allocation for ongoing Production-Linked Incentive (PLI) schemes in the February 1 budget after seeing good results, said people with knowledge of the matter. Some new sectors may be included in the programme that seeks to reignite manufacturing in India and boost exports, along with other measures to spur investments. Allocations for sectors that have seen a high impact on the ground under active PLI schemes such as electronic manufacturing and IT hardware could be raised, people familiar with the deliberations told ET. Finance minister Nirmala Sitharaman had in the FY22 budget announced ₹1.97 lakh crore for PLI schemes that now cover 14 key sectors. This incentive amount, which is for the five-year period beginning FY22, may be raised in the budget.

<https://economictimes.indiatimes.com/news/economy/policy/budget-2023-govt-may-bump-up-allocation-for-existing-pli-schemes/articleshow/97075168.cms>

EPFO may fix threshold for ETF returns

The Employees' Provident Fund Organisation (EPFO) will consider mandating a 10% return threshold for booking profit in its equity investments via exchange-traded funds (ETFs). It will also redeem ETFs frequently based on this threshold instead of a one-go sale to avoid market fluctuations. The retirement fund body, which has been investing up to 15% of its corpus in ETFs since 2015-16, will also try to lengthen the investment tenure to five years instead of the current four years to ensure better returns. The Finance Investment and Audit Committee of the EPFO has proposed the 10% threshold, which means the retirement fund body will only redeem ETFs if the annualised returns are 10% or higher.

<https://economictimes.indiatimes.com/news/economy/finance/epfo-may-fix-threshold-for-etf-returns/articleshow/97067051.cms>

Industry

More EV companies lose subsidy as Centre's probe deepens

The government has suspended the subsidies of around a dozen more electric vehicle (EV) makers as investigations progress into alleged incentives misappropriation by some companies under New Delhi's flagship promotion scheme for green transport technology. A majority of the companies that have seen their subsidies recently paused are engaged in manufacturing three-wheelers. The subsidies are part of the ₹10,000-crore programme called FAME 2 (Faster Adoption and Manufacturing of Electric vehicles in India scheme Phase-2). The FAME-2 web site shows the status of subsidies for vehicles manufactured by these companies as "expired".

<https://economictimes.indiatimes.com/industry/renewables/more-ev-companies-lose-subsidy-as-centres-probe-deepens/articleshow/97068857.cms>

India diamond traders hit by Rupee risks amid Russia supply woes

Efforts by Indian diamond traders to secure more uncut product from Russia and allay an export slump in the world's biggest polishing hub are being hampered by currency risks. Supplies from Russia to India have fallen 40% since April, leading to a knock-on slump in exports from the Asian nation. Furthermore, not a single jeweler has utilized a special facility set up in July to allow the trade to be handled in rupees, according to the Gem & Jewellery Export Promotion Council. "Nobody is willing to take the exchange risk and volatility," the council's chairman, Vipul Shah, said in an interview. "The Russians are not comfortable with the rupee invoicing as far as the gems and jewelry sector is concerned."

<https://economictimes.indiatimes.com/industry/cons-products/fashion/-/cosmetics/-/jewellery/india-diamond-traders-hit-by-rupee-risks-amid-russia-supply-woes/articleshow/97075962.cms>

Set up common consultation process across ministries to examine new regulation for AI, Big Data: Nasscom

The National Association of Software and Service Companies (Nasscom) told the Telecom Regulatory Authority of India (TRAI) that there is a need for a common consultation process across ministries while examining new laws and regulations around Artificial Intelligence and Big Data. "We have suggested that the Government of India look to establish or designate a dedicated and independent nodal body or office, with relevant subject matter expertise, and focussing on serving as a steering mechanism for national and inter-ministerial coordination on AI," said the tech body that represents over 3,000 tech and IT companies, including Google. So far, 14 different initiatives on Artificial Intelligence, have been launched by the Centre across various ministries. Central ministries, NITI Aayog, Ministry of Electronics and IT, Department of Telecommunications, and the National E-governance division oversee these initiatives.

<https://www.thehindubusinessline.com/info-tech/set-up-common-consultation-process-across-ministries-to-examine-new-regulation-for-ai-big-data-nasscom/article66387158.ece>

Phone manufacturers eye PLI for component manufacturing

The Indian smartphone market is set to mark either low single-digit growth or a second year of contraction in shipments in 2023, as per analysts. They say telcos and smartphone brands will work together to push feature phone-

to-smartphone conversion to push sales. "With the upcoming budget, we hope to see an affirmative move to foster a vibrant local component supply chain ecosystem. This in turn will help India become self-sufficient and provide the right impetus to make India a trillion-dollar digital economy," says Muralikrishnan B, President of Xiaomi India

Read more at:

<https://economictimes.indiatimes.com/industry/cons-products/electronics/budget-2023-phone-manufacturers-eye-pli-for-component-manufacturing/articleshow/97068485.cms>

India's 5G phone market set to expand over 70% by end of 2023: Report

The India 5G smartphone market is expected to expand by more than 70 per cent (on-year) by the end of CY2023, a report said on Tuesday. The India smartphone market recorded more than 13 times growth in its 5G shipments from the year of its initial introduction in 2020. "From a mere 4 per cent in CY2020 to a potential more than 45 per cent market share in CY2023, 5G smartphones have definitely come a long way," said Menka Kumari, Analyst-Industry Intelligence Group (IIG), CyberMedia Research (CMR). In CY2022, close to 100 5G smartphones were launched in the India market.

https://www.business-standard.com/article/economy-policy/india-s-5g-phone-market-set-to-expand-over-70-by-end-of-2023-report-123011700419_1.html

Top four IT companies add just 1,940 employees in Q3

India's top four software exporters — Tata Consultancy Services, Infosys, HCL Tech and Wipro — together recorded a net addition of 1,940 employees in the quarter ended December 2022, the lowest in 11 quarters, as demand for technology services slows amid global macroeconomic uncertainty and geopolitical concerns. The decline marks a sharp drop of nearly 97% from the net addition of 61,137 employees by the big four IT firms in the third quarter of FY22 when they competed aggressively for talent to meet the rising demand for digitisation triggered by the pandemic. This is also a nearly 94% drop from a net addition of 28,836 in the second quarter of FY23.

<https://economictimes.indiatimes.com/tech/information-tech/top-four-it-companies-add-just-1940-employees-in-q3/articleshow/97067488.cms>

Agriculture

Adverse weather hits Indian cane crop and curtails sugar output

India is likely to produce 34.3 million tonnes of sugar in 2022/23, down 4% from the previous forecast, after sugar cane yields in key producing states were hit by adverse weather, a senior industry official told Reuters on Tuesday. Lower sugar output could limit exports from the world's second-biggest exporter, lifting global prices and allowing rivals Brazil and Thailand to increase their shipments. "Excessive rainfall and cloudy weather in September and October curtailed sugar cane's vegetative growth. Cane yields are lower than the last year," Prakash Naiknavare, managing director of the National Federation of Cooperative Sugar Factories Ltd, told Reuters.

<https://economictimes.indiatimes.com/news/economy/agriculture/adverse-weather-hits-indian-cane-crop-and-curtails-sugar-output/articleshow/97053700.cms>

India's sugar output increases 4% from Oct 1-Jan 15, hits 15.7 million tonnes

India's sugar production grew by nearly 4 per cent since the current season began last October, an industry body said in a statement on Tuesday. This can be attributed to increased operation of more mills in the country. Mills have produced 15.7 million tonnes of sugar so far in the season, up from 15.1 million tonnes churned out during the same period a year earlier, reported Reuters citing the Indian Sugar Mills Association.

<https://economictimes.indiatimes.com/news/economy/agriculture/indias-sugar-output-increases-4-from-oct-1-jan-15-hits-15-7-million-tonnes/articleshow/97049450.cms>

Infrastructure

Toll road projects may see moderate to high single-digit growth in FY24: ICRA

Rating agency ICRA on Tuesday said that toll road projects in the country are likely to see moderate to high single-digit growth in FY24 with moderation in the Wholesale Price Index (WPI) inflation. India's toll road projects saw a 17-20 per cent growth in FY23. Toll rates and traffic volumes are the two variables that decide toll collections, the

rating agency said in a statement. The rise in toll rate is linked to the WPI while the traffic volume is linked to underlying economic activity, primarily manufacturing, construction and mining.

<https://www.financialexpress.com/infrastructure/roadways/toll-road-projects-may-see-moderate-to-high-single-digit-growth-in-fy24-icra/2951294/>

Energy

Government allocates 3 more coal blocks for commercial mining activities

The government on Tuesday allocated three more coal mines under commercial mining to the successful bidders. With this, allocation orders have been issued for 48 coal mines so far having a cumulative peak rated capacity 89 million tonnes per annum (MTPA) under commercial mining. Representatives of successful bidder received allocation orders from Additional Secretary (Coal) M Nagaraju who stressed on participation of private sector for contributing towards energy security, the coal ministry said in a statement. The cumulative production capacity of the three blocks mines is 3.7 MTPA and its geological reserves is 156.57 MT.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/metals-mining/government-allocates-3-more-coal-blocks-for-commercial-mining-activities/articleshow/97063498.cms>

Green Hydrogen Mission to help India meet net-zero targets: Experts

The National Green Hydrogen Mission is a "significant step" towards achieving the country's net-zero targets and will help in reducing input costs of clean energy source, besides generating lakhs of job opportunities in the renewable energy sector, experts say. The Union Cabinet on January 4 approved the National Green Hydrogen Mission, which aims to make India a global manufacturing hub and a clean source of energy. The objective of the Mission is also development of a production capacity of at least 5 MMT (Million Metric Tonnes) per annum with an associated renewable energy capacity addition of about 125 GW in the country by 2030.

<https://www.financialexpress.com/industry/green-hydrogen-mission-to-help-india-meet-net-zero-targets-experts/2950962/>

11 GW hydel project in Arunachal Pradesh

India is planning a hydropower project on the strategically important Siang River in Arunachal Pradesh of 11,000 MW capacity, people aware of the matter said. "The purpose of the project, apart from generating electricity, is also to control floods," one of the persons cited earlier said, adding that state-owned NHPC Ltd has submitted a pre-feasibility report for the Upper Siang Multipurpose Storage project. The project, spearheaded by the ministry of jal shakti, will aim at live storage of 9 billion cubic meters of water. The report on the project has been sent to the Central Electricity Authority for approval. "The pre-feasibility report for the project was submitted around December end," said the person quoted above. "The next step after its approval would be the pre-detailed project report."

<https://economictimes.indiatimes.com/industry/energy/power/on-the-cards-11-gw-hydel-project-in-arunachal-pradesh/articleshow/97068866.cms>

Electric car batteries could vastly boost grid storage: study

Electric car batteries could significantly boost the storage capacity of electricity grids and accelerate the transition away from planet-harming greenhouse gases, a new study found Tuesday. Renewable energy is essential for the Paris Agreement goal of limiting global warming to well below two degrees Celsius, but the need to scale up quickly and the intermittency of wind and solar have raised concerns about meeting electricity demand. One way to help solve this problem is boosting the storage capacity of electricity grids, so that even when there is no sun or wind energy supply won't be interrupted. New research published Tuesday found that electric car batteries could help boost short-term grid storage in times of increased demand or lower supply, either by setting up "vehicle-to-grid" or "second use" schemes.

<https://economictimes.indiatimes.com/industry/renewables/electric-car-batteries-could-vastly-boost-grid-storage-study/articleshow/97065899.cms>

External

Russia becomes India's fourth-largest trading partner, imports jump 5-fold

Russia has become India's fourth-largest trading partner with imports from the country spiking five-fold to \$32.9 billion during the April-December period, according to a report in *The Times of India*. There are two main contributors to India's higher imports from Russia -- crude oil and fertilisers. After Russia-Ukraine war broke out, the West slapped sanctions on Moscow, limiting its trade opportunities. India bargained a deal with Russia for crude petroleum, seeing this as an opportunity to push the export of petrol and diesel to countries such as the Netherlands and Brazil. Riding on the crude trade, Russia became India's 20th largest source of imports in the last financial year.

https://www.business-standard.com/article/economy-policy/russia-becomes-india-s-fourth-largest-trading-partner-imports-jump-5-times-123011700291_1.html

RMG exports fail to touch pre-Covid level; slowdown concerns remain

When India's ready-made garments (RMG) exports were expected to touch the pre-Covid level, the ongoing recession and war in the Western world have become a roadblock for the sector. RMG exports from India touched \$11.841 billion during the first nine months of the financial year 2022-23, up 6.5 per cent from \$11.123 billion in 2021-22, based on data shared by Tirupur Exporters Association (TEA). The current year's numbers are 44 per cent higher compared to first nine months of 2020-21 (\$8.199 billion), while it had already touched \$12.386 billion during the April to December period of 2017-18. In November and December 2022-23, RMG exports saw a rise of 12 per cent and 1 per cent respectively, after showing a decline for four consecutive months from July to October.

https://www.business-standard.com/article/economy-policy/rmg-exports-fail-to-touch-pre-covid-level-slowdown-concerns-remain-123011700945_1.html

Commerce Department's industry outreach to popularise India-Australia ECTA

The Commerce Department is holding industry outreach programmes across the country to spell out opportunities opened by the India-Australia Economic Cooperation and Trade Agreement which was implemented on December 29, 2022, official sources have said. Reflecting the anticipation of the industry on both sides towards the ECTA benefits that have started being unrolled from December-end, both exports to and imports from Australia dipped in December 2022 as some businesses delayed their consignments to take advantage of the preferential duty structure, a source tracking the development told businessline.

<https://www.thehindubusinessline.com/economy/commerce-departments-industry-outreach-to-popularise-india-australia-ecta/article66387546.ece>

Indian tea exports up in 2022 on demand from Russia, UAE

Despite a sharp decline in purchases by Iran, a key buyer, Indian tea exports are predicted to be higher by 13 per cent at around 220-225 million kgs (mkg) in 2022 on higher demand from the Russian Federation, CIS countries and West Asia. India had exported 195.5 million kgs in the 2021 calendar year. Tea exports during January-October 2022 were up by 16 per cent at 185.31 mkg compared with 159.88 mkg during the same period last year, as per Tea Board data.

<https://www.thehindubusinessline.com/economy/agri-business/indian-tea-exports-up-in-2022-on-demand-from-russia-uae/article66387142.ece>