



February 20, 2023 – Monday

Economy

India's economy to grow at 6 pc in 2023-24: Former Niti Aayog Vice Chairman Rajiv Kumar

India is likely to clock 6 per cent growth rate next fiscal and the country can persevere with a high growth rate because of several reforms undertaken during the last eight years by the Narendra Modi government, former Niti Aayog Vice Chairman Rajiv Kumar said on Sunday. Kumar further said major risks going forward will emerge from a synchronized downturn in the North American and European economies. "India has a good opportunity to persevere with a high growth rate because of the reforms undertaken during the last eight years. We will manage to grow at 6 per cent in 2023-24," he told PTI in an interview. According to Kumar, there are several downside risks, especially in the context of an uncertain global situation.

<https://www.financialexpress.com/economy/indias-economy-to-grow-at-6-pc-in-2023-24-former-niti-aayog-vice-chairman-rajiv-kumar/2985842/>

Economic activity cools down in Jan amid slowdown fears, exports fell 6.58%

India's economic activity cooled off at the start of the year as higher borrowing costs tempered demand at home and abroad, signaling more pain ahead as the global economy slows down. The needle on a dial measuring so-called animal spirits moved left and was back where it was for six straight months before showing momentum in December. Falling exports and a slack in manufacturing and services drove the weakness in business activity, offsetting improvement in consumption drivers reflected by tax collections and job growth, according to eight high-frequency indicators tracked by Bloomberg.

https://www.business-standard.com/article/economy-policy/economic-activity-cools-down-in-jan-amid-slowdown-fears-exports-fell-6-58-12302200077_1.html

Banking and Finance

FinMin to meet heads of banks on Feb 22; to review progress ECLGS for MSMEs

The finance ministry has called a meeting of heads of public sector banks and top four private sector lenders to review the progress of the emergency credit line guarantee scheme (ECLGS) to help businesses affected by COVID-19. The meeting is scheduled to be held on February 22 to review progress on ECLGS and Loan Guarantee Scheme for COVID-Affected Sectors (LGSCAS), sources said. The meeting, to be chaired by Financial Services Secretary Vivek Joshi, would also see participation from top private sector lenders HDFC Bank, ICICI Bank, Axis Bank and Kotak Mahindra Bank. Extension of ECLGS and LGSCAS beyond March 31 as well as challenges related to these would be deliberated.

https://www.business-standard.com/article/economy-policy/finmin-to-meet-heads-of-banks-on-feb-22-to-review-progress-eclgs-for-msmes-123021900951_1.html

Domestic ESG-focused firms performed better than global peers in price volatility, equity returns: RBI study

Large listed domestic companies with an active ESG (environmental, social and governance) framework have performed better than their broad market counterparts even during extreme market events like the pandemic shocks, says an RBI study. The RBI study of 18 economies with such frameworks, indicate that investors reward pro-

climate and pro-socially oriented companies. The analysis is based on the 10 emerging countries of Brazil, China, India, Indonesia, South Korea, Malaysia, Russia, South Africa, Taiwan, and Thailand; and the eight advanced economies of Australia, Britain, Canada, Hong Kong, Japan, Sweden, Switzerland, and the US.

<https://www.financialexpress.com/market/domestic-esg-focused-firms-performed-better-than-global-peers-in-price-volatility-equity-returns-rbi-study/2985868/>

Flows into NRI deposits up 76% to \$5.4 billion in April-December

The flow of money into deposits of Non-Resident Indians (NRIs) rose 76 per cent to \$5.4 billion in April-December this financial year over \$3.07 billion in the same period 2021. However, the streak of decline in outstanding NRI deposits (what is shown in the ledger but not in the bank statement) continued during the nine months of 2022-23. They fell to \$134.5 billion in December 2022 from \$139.02 billion in March and \$141.90 billion a year ago. They were stable in December compared to \$134.6 billion in November, showed the Reserve Bank of India (RBI) data. Bankers have said flows into deposits have increased due to facilities like easing limits on interest rates. However, there has been an outgo of funds from NRI deposits for purchases during the festival season. This is one of the reasons for the dip in outstanding deposits.

https://www.business-standard.com/article/finance/flows-of-money-into-nri-deposits-up-76-to-5-4-billion-in-apr-dec-123021900660_1.html

Difference between rise in median MCLR, term deposits crosses 40 bps

The rate hikes undertaken by the Reserve Bank of India's (RBI's) Monetary Policy Committee (MPC) since May to bring down the inflation rate has resulted in a 120 basis points (bps) increase in the one-year median marginal cost of funds-based lending rate (MCLR) by banks. However, medium-term deposit rates have moved up by 78 bps, resulting in a little over 40 bps gap in the transmission of rates between assets and liabilities. Since May 2022, the benchmark repo rate has gone up by 250 bps to 6.5 per cent and the external benchmark-linked loans of banks have risen by the same amount during this period. Most retail loans are now linked to external benchmarks, whereby interest rates move up as soon as RBI increases the benchmark rates. However, corporates find MCLR-linked loans more attractive because unlike repo-linked loans, the MCLR goes up when the incremental cost of deposits go up.

https://www.business-standard.com/article/economy-policy/gap-between-rise-in-median-mclr-and-term-deposits-over-40-basis-points-123021900492_1.html

Banks' net interest income soars by a record 25.5 pc in Q3: Analysis

Net interest income of banks grew by a record 25.5 per cent to Rs 1.78 lakh crore in the December 2022 quarter on-year, driven by a healthy credit off-take and higher yield on advances, according to an analysis. The quarter saw banks booking higher yields on advances as the system-wide core profitability metric net interest margin (NIM) rose by 17 basis points (bps) to 3.28 per cent. This was possible as banks repriced existing loans higher at a faster rate and also increased the new loan pricing, but kept deposit rates almost unchanged, according to an analysis by Care Ratings' senior director Sanjay Agarwal. But the rise in NIM was led by private sector banks, thanks to their operational efficiencies, at 4.03 per cent, up 15 bps on-year. State-owned banks registered NIM at 2.85 per cent, up 17 bps on-year.

https://www.business-standard.com/article/finance/banks-net-interest-income-soars-by-a-record-25-5-pc-in-q3-analysis-123021900376_1.html

GST Council Meeting: Amnesty for delayed filings, measures to facilitate trade, compensation dues to be cleared

The 49th meeting of the GST Council took place on the day of Shivratri i.e. 18th February 2023. This congregation was convened at the majestic Vigyan Bhawan, New Delhi. The gathering was led by the learned Union Finance & Corporate Affairs Minister, Smt. Nirmala Sitharaman. Together, they pondered upon and discussed a range of matters pertinent to the execution and administration of the GST regime. Such a spirit of dedication and collaboration of great minds, under the gracious patronage of our nation, is sure to overlay the way for a brighter and prosperous future. The Government of India has, pursuant to the provisions of the Goods and Services Tax (Compensation to States) Act of 2017, deliberated upon pending GST compensation dues for June 2022. It has been determined that the entire pending balance of INR 16,982 crores, shall be cleared by the Centre, despite there being no corresponding amount in the GST compensation Fund. These payments would be later recouped from future compensation cess collection.

<https://www.financialexpress.com/economy/gst-council-meeting-amnesty-for-delayed-filings-measures-to-facilitate-trade-compensation-dues-to-be-cleared/2985906/>

Industry

Retail electronics firms scale up inventory, anticipating demand surge soon

Consumer electronics manufacturers have started to increase their stock levels of both components and finished goods in anticipation of a recovery in demand in the upcoming quarter and to protect their operations from any potential supply chain disruption in China, as it has been recently due to an increase in Covid cases, *Economic Times* reported. Executives from a number of companies told *ET* that this buildup is owing to the fact that demand peaked before Diwali and then drastically declined afterwards due to high inflation and retailers' reductions in inventory levels. Deepak Bansal, vice president at LG India, the country's largest appliance manufacturer said, "We are running full production capacity for most products such as AC and refrigerator. The stock of finished products and components are being built up since demand has picked up from this month itself with some products like AC already growing sales at double-digit year-on-year."

https://www.business-standard.com/article/companies/retail-electronics-firms-scale-up-inventory-anticipating-demand-surge-soon-123021900758_1.html

Retailers, wholesalers top MSME registrations on Udyam portal: Govt data

Retail and wholesale traders reinstated under the MSME category by the government in July 2021 are topping the table of top 10 segments or sub-sectors in the MSME sector based on the number of registrations on the Udyam portal. As of February 2, 2023, out of around 1.38 crore Udyam-registered MSMEs, the top 10 categories or segments contributed for 96.47 lakh registrations, of which 19.7 lakh – maximum registrations – were of retail traders and 12.3 lakh, second highest number of registrations, were of wholesale traders except those dealing with motor vehicles and motorcycles, according to the data shared by the minister of state in the MSME ministry Bhanu Pratap Singh Verma in a written reply to a question in the Rajya Sabha recently.

<https://www.financialexpress.com/industry/sme/msme-eodb-retailers-wholesalers-top-msme-registrations-on-udyam-portal-govt-data/2985923/>

Stalled FAME subsidy slows growth in electric 2-wheeler sales

The electric two-wheeler segment has hit a speed bump, as the government has stopped disbursing subsidies to several manufacturers that are under investigation for alleged violation of local-sourcing rules. Industry insiders say sales may fall short of the 1-million-unit target this fiscal year, though the number may still be a new record at around three times last fiscal year's volume. According to industry estimates, subsidy payments of Rs 1,100 crore under the Faster Adoption and Manufacturing of Electric Vehicles (FAME) scheme have been held back by the government. Industry executives say the manufacturers are facing an extreme shortage of working capital as they had already passed on the subsidy benefit to customers and were waiting for reimbursement from the government.

<https://economictimes.indiatimes.com/industry/renewables/stalled-fame-subsidy-slows-growth-in-electric-2-wheeler-sales/articleshow/98068757.cms>

Digital competition law panel to hold first meeting on February 22

The first meeting of the digital competition law committee, chaired by ministry of corporate affairs (MCA) Secretary Manoj Govil, will be held on February 22, according to government sources. The 16-member committee includes chairperson, competition commission of India, Saurabh Srivastava, chairman, Indian Angel Network and cofounder of industry body NASSCOM. MCA has asked NITI Aayog, departments of commerce, economic affairs, consumer affairs, Ministry of Electronics and Information Technology, and Department of Promotion of Industry and Internal Trade to nominate a member for the committee, not below the rank of joint secretary. The MCA secretary is also expected to nominate certain members to take part in the committee discussions including technology experts.

https://www.business-standard.com/article/economy-policy/digital-competition-law-committee-to-have-first-meeting-on-feb-22-123021900749_1.html

IT sector logs big rise in consolidation deals from firms

Software services firms are witnessing a spike in vendor consolidation deals by clients driven by the need for reducing cost as an uncertain and inflationary environment persists in the major markets of the US and Europe. "These are not one-off cases - there is a significant spike in client demand for cost-led consolidation deals, driven by inflation and economic challenges. Clients want costs taken out at speed and service providers such as TCS, HCL, Wipro, Infosys and Cognizant are all prominently competing for this business," said Phil Fersht, chief executive, HFS Research. He added that companies like Accenture, Capgemini and IBM Consulting are competing aggressively with the Indian-heritage firms for these consolidation deals.

<https://economictimes.indiatimes.com/tech/information-tech/it-sector-logs-big-rise-in-consolidation-deals-from-firms/articleshow/98070971.cms>

Agriculture

Extra measures adopted to check irregularities in organic farming certification: Centre

The Commerce Ministry has begun adopting additional onsite measures to check field-level irregularities in organic farming certification. This includes verification of organisations that certify organic farming. The development follows "various irregularities being observed in the certification activities", the Ministry said in response to a grievance lodged by Chennai-based service organisation Sri Sri Swamy Vivekananda Trust (SSVT) with the Prime Minister's office (PMO).

<https://www.thehindubusinessline.com/economy/agri-business/extra-measures-adopted-to-check-irregularities-in-organic-farming-certification-centre/article66528616.ece>

Maharashtra sugar production to fall in 2022-23 due to rains: Official

Sugar production in Maharashtra may fall from 137.28 lakh tonnes in 2021-22 to 124 lakh tonnes in 2022-23 due to adverse climatic conditions in different parts of the state, a top official has said. Continuous rains rendered the ground wet for long periods, which impacted sugarcane cultivation, Sugar Commissioner Shekhar Gaikwad told PTI on Saturday. "As a result, the production will be going down in Maharashtra in the ongoing season. Earlier, we estimated 138 lakh tonnes of production when the crushing season started. Now, it should be around 124 lakh tonnes. We have conveyed the updated figures of production to the Central Government," he said.

<https://www.thehindubusinessline.com/economy/agri-business/maha-sugar-production-to-fall-in-2022-23-due-to-rains-official/article66527925.ece>

Infrastructure

REITs, InvITs request govt to review tax on distribution through debt repayment

The Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) have reached out to the government requesting a review of its proposal announced in the Union Budget for 2023-24 to tax income distribution through the mode of repayment of debt, said persons with direct knowledge of the development. As per the Securities & Exchange Board of India's regulations, both REITs and InvITs are required to distribute their cash surplus up to certain limits on a quarterly basis. These distributions generally consist of interest, dividend, or repayment of debt. "A meeting between the Ministry of Finance officials and industry executives took place last week and a representation has already been made requesting a relook at the proposal," said one of the persons mentioned above.

<https://economictimes.indiatimes.com/industry/services/property/-cstruction/reits-invits-request-govt-to-review-tax-on-distribution-through-debt-repayment/articleshow/98072181.cms>

Energy

Power ministry plans tax breaks for pumped storage hydro projects

To promote pumped storage hydro-power projects in India, the Ministry of Power has proposed giving incentives such as tax breaks, easy environment clearance and providing land at concessional rates. The ministry has released draft guidelines on pumped storage projects (PSPs) to seek comments from states and state-run companies as well as private firms within a fortnight till March 2, 2023. Keeping in view the immense utility of the PSPs in grid stabilisation as well as meeting the peaking power demand, a need for formulating separate guidelines to promote

PSPs was felt to set the direction of its development, the ministry said in the guidelines. The Central Electricity Authority (CEA) estimates regarding on-river pumped storage potential is 103 GW in India. Apart from this, a large number of off-river pumped storage potential is also available, the ministry added.

https://www.business-standard.com/article/economy-policy/power-ministry-plans-tax-breaks-for-pumped-storage-hydro-projects-123021900172_1.html

Govt may auction 6 mineral blocks in February

The government is likely to put on sale six mineral blocks, including four iron ore mines, in the current month. The move would give a boost to mining sector's contribution to the country's gross domestic product. The four iron ore blocks, situated in Chhattisgarh, are likely to be auctioned on Tuesday, according to the mines ministry. The notice inviting tenders for the mines -- Chhitpuri B iron ore block, Gomter - Wakeli, Bijapur, Hahaladdi, North Bastar Kanker, Lohhater, North Bastar Kanker -- were floated last year.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/metals-mining/govt-may-auction-6-mineral-blocks-in-february/articleshow/98062308.cms>

External

CEPA with UAE gave boost to Indian entrepreneurs, deepened ties: PM Modi

Prime Minister Narendra Modi on Sunday said the Comprehensive Economic Partnership Agreement (CEPA) with the UAE has given a boost to Indian entrepreneurs and also deepened ties with the Gulf country. India and the United Arab Emirates (UAE) inked a CEPA on February 18 last year to boost trade ties following a virtual summit between Prime Minister Modi and Crown Prince of Abu Dhabi Sheikh Mohammed bin Zayed Al Nahyan. Tagging a tweet by Commerce and Industries Minister Piyush Goyal in which he shared an article jointly written by UAE Minister of State for Foreign Trade Thani bin Ahmed Al Zeyoudi and him on one year of CEPA, Modi said the CEPA with the UAE has given a boost to Indian entrepreneurs and has also deepened our ties with UAE.

https://www.business-standard.com/article/economy-policy/cepa-with-uae-gave-boost-to-indian-entrepreneurs-deepened-ties-pm-modi-123021900179_1.html

India limits wheat exports through the govt route as prices rise

India has put curbs on wheat exports through the government route, starting November last year. This comes amid a surge in domestic prices of the cereal.

https://www.business-standard.com/article/economy-policy/india-limits-wheat-exports-through-govt-route-amid-surge-in-cereal-price-123021900697_1.html

India's Russian oil imports surge to a record 1.4 mn barrels per day in Jan

India's Russian oil imports climbed to a record 1.4 million barrels per day (bpd) in January, up 9.2% from December, with Moscow still the top monthly oil seller to New Delhi, followed by Iraq and Saudi Arabia, data from trade sources showed. Last month Russian oil accounted for about 27% of the 5 million bpd of crude imported by India, the world's third-biggest oil importer and consumer, the data showed. India's oil imports typically rise in December and January as state-run refiners avoid maintenance shutdowns in the first quarter to meet their annual production targets fixed by the government. Refiners in India, which rarely used to buy Russian oil because of costly logistics, have emerged as Russia's key oil client, snapping up discounted crude shunned by Western nations since the invasion of Ukraine last February.

https://www.business-standard.com/article/economy-policy/india-s-russian-oil-imports-surge-to-a-record-1-4-mn-barrels-per-day-in-jan-123021701026_1.html