CESS REDUCTION LIKELY IN FY23

Elevated crude price a threat to NHAI's capex funds: Analysts

The Budget support to NHAI in FY23 is up 106% over ₹65,100 crore in FY22 (revised estimate)

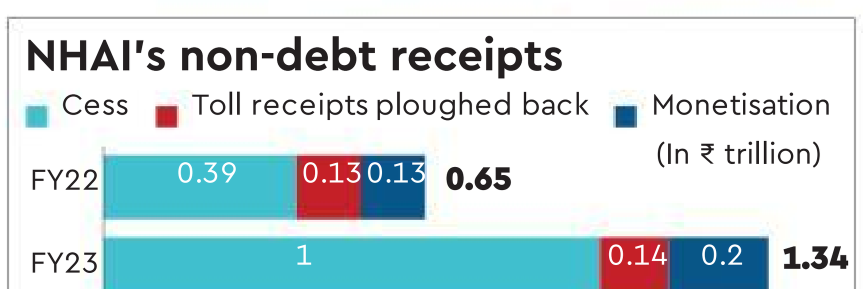
SURYA SARATHI RAY
New Delhi, April 3

AS ELEVATED CRUDE prices have increased the chances of a reduction in cess on petrol — sooner or later during FY23, the government may find it difficult to provide the estimated ₹1.34 trillion budgetary support (BE) to the National Highways Authority of India (NHAI) for the current fiscal, analysts say.

The budget support to NHAI in FY23 is up 106% over ₹65,100 crore in FY22 (revised estimate).

The biggest chunk of the budgetary outlay — as much as ₹1 trillion — to NHAI this fiscal has been estimated to come from the central road and infrastructure fund (CRIF) into which cess on petrol and diesel flows. The balance is proposed to be raised via toll receipts (₹13,900 crore) and monetisation (₹20,000 crore) respectively.

Breaking away from the earlier practice, the government has decided to provide the entire funds to the NHAI from budgetary support without requiring the authority to resort to borrowings as NHAI's debt kept on mounting. It rose about 15 times in eight years to stand at ₹3.5 trillion, as of March 22. In both FY21 and FY22, NHAI borrowed ₹65,000 crore each.



"For FY23, the overall road budget outlay has edged up by 1% year-on-year (YoY), and in light of higher crude prices, it needs to be seen whether the projected contribution from cess funds can materialise," brokerage firm Edelweiss said.

Any disruption in the fund supply may adversely impact NHAI's 4,500 km highway project construction plan for the current fiscal.

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Sources in the authority said NHAI constructed a 4,250 km highway in FY22, marginally up from 4,218 km in FY21. Edelweiss said NHAI awarded around 4,970 km of highway projects worth around ₹1.4 trillion in FY22, up from 4,818 km worth ₹1.3 trillion in FY21.

Debt servicing is already is a huge burden for NHAI. As reported by *FE* earlier, a little less than ₹1 out of every ₹5 expenditures by the NHAI in 2022-23 will go towards debt servicing.

According to the estimates of the ministry of road transport and Highway (MoRTH) presented to a parliamentary standing committee, NHAI has to spend ₹31,049 crore on servicing debt in 2022-23. The amount will go up a little to ₹31,735 crore in 2023-24. n 2021-22, NHAI is likely to have spent ₹40,337 crore on debt servicing.

HDFC Bank's advances grow 21% in Q4FY22

FE BUREAU
Mumbai, April 3

HDFC BANK ON Sunday said its advances grew 20.9% year-on-year (y-o-y) and 8.6% on a sequential basis to ₹13.69 trillion as of March 31, 2022. Deposits of the bank grew 16.8% y-o-y and 7.8% sequentially to ₹15.59 trillion.

As per the bank's internal business classification, retail loans grew around 15% over March 31, 2021, and 5% over December 31, 2021. Commercial and rural banking loans grew around 30.5% y-o-y and 10% sequentially, while the corporate and other wholesale loans grew 17.5% y-o-y and 11.5% respectively.

The bank's retail deposits grew 18.5% over March 31, 2021, and 6% over December 31, 2021, and wholesale deposits grew 10% y-o-y and 17% sequentially. HDFC Bank's current account savings account (CASA) deposits aggregated to approximately ₹7.5 trillion as of March 31, 2022, up 22% from ₹6.16 trillion as of March 31, 2021, and 10.2% over ₹6.81 trillion as of December 31, 2021. The CASA ratio stood at around 48% as of March 31, 2022, as compared to 46.1% as of March 31, 2021, and 47.1% as of December 31, 2021.

The bank added 563 branches during Q4FY22.

India aims to export 10 MT of wheat worth $4 bn in 2022-23

SANDIP DAS
New Delhi, April 3

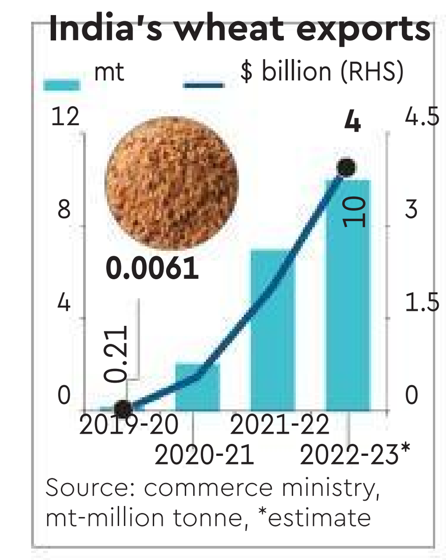
INDIA IS AIMING to export a record 10 million tonne (MT) of wheat in 2022-23 amid rising global demand because of the Russia-Ukraine war.

"We are working with several other ministries — agriculture, railways, shipping — as well as exporters and state governments to increase our wheat exports significantly in the current fiscal," Piyush Goyal, minister for commerce and industry, said on Sunday.

According to estimates by the Directorate General of Foreign Trade (DGF), India exported a record 7 MT of wheat in 2021-22 which was valued at $2.05 billion. Around 50% of the shipments were to Bangladesh in the last fiscal.

In 2022-23, India is likely to export wheat worth around $4 billion given that prices are expected to rise in the coming months to around $400 to $430 a tonne (inclusive of all costs), especially in North Africa and South-East Asia countries. The Current prices are in the range of $370-$380 a tonne.

Meanwhile, the commerce ministry has set up a task force on wheat exports with representatives from various ministries, including commerce, shipping and railways, and exporters.



Officials say given the geopolitical situation, the demand from those countries especially in South-East Asia and North Africa, which used to source wheat from Ukraine and Russia, which have around 25% share in the global wheat trade, would be robust in the coming months.

"We will be sending delegations with representatives of key ministries to countries in south-east Asia and North Africa to boost our wheat exports," M Angamuthu, chairman, Agricultural and Processed Food Products Development Authority (APEDA) told *FE*.

The official delegation will be visiting countries including Indonesia, Philippines, Thailand, Vietnam, Turkey, Lebanon, Algeria, Tunisia, Egypt and Morocco this month to boost wheat exports to these countries.

While the bulk of India's wheat exports is currently sourced from Madhya Pradesh because of its proximity to the Kandla and Mundra ports, the commerce ministry is also discussing with the shipping ministry to commence exports of wheat from Nhava Sheva (Navi Mumbai, Maharashtra) and Kakinada (Andhra Pradesh) ports.

India has been the world's largest rice exporter in the last decade — export earnings stood at a record $8.7 billion in 2020-21 and crossed $ 9.6 billion in 2021-22. But the country had been a relatively marginal player in global wheat trade until 2020-21.

Demographic dividend may turn into a liability sans enough jobs, skilled workforce, warns report

PRESS TRUST OF INDIA
New Delhi, April 3

AS THE COUNTRY is expected to add another 183 million people to the working age group of 15-64 years between 2020-50, its demographic dividend may turn into a liability in the absence of enough jobs and the required skilled workforce, a report released on Sunday said.

The report on India's Demographic Dividend released by industry body CII argues that not only is there a shortage of time, but also that the rise in India's working age population is necessary but not sufficient for it to sustain the economic growth.

"If India does not create enough jobs and its workers are not adequately prepared for those jobs, its demographic dividend may turn into a liability. And education and skill development will be the biggest enablers for reaping this dividend," the report said.

The report points out that India will add another 183 million people to the working age group of 15-64 years between 2020-50 as per the UN Population Statistics database. Thus, a whopping 22% of the incremental global workforce over the next three decades will come from India.

"Although investment, reforms and infrastructure are likely drivers of India's economic growth, no growth driver is as certain as the availability of people in India's working age group. India's young population, its demographic dividend, gives India the potential to become a global production hub as well as a large consumer of goods and services," highlighted Chandrajit Banerjee, director general, CII.

However, India does not have much time to utilise this dividend, cautions the report.

"While we are likely to add 101 million people in the working age population between 2020-30, this number will reduce to 61 million and then to 21 million for 2030-40 and 2040-50, respectively. It is expected that India's working age population will start declining in the decade post 2050," it said.

Thus, 2020-50 provides India with a short window of opportunity to harness its demographic dividend.

The report said that high quality school education, relevant higher education and skill development aligned to industry needs are some of the prerequisites, if India is to become an economic powerhouse which not only creates good quality jobs for its youth, but also services the rest of the world.

The report points out that India will add another 183 million people to the working age group of 15-64 years between 2020-50

Banerjee, said, "Children have been away from schools for two years because of the pandemic. The resultant learning losses have added to the already high learning gaps, which existed even before the pandemic. A mission-mode catch-up campaign is needed, of the kind CII has been running for the past several months."

The report analyses India's labour market imbalances, and highlights how the skill mismatch and shortage can impact productivity growth, which is critical for India to enhance its long-term growth. In 2019-20, only 73 million of India's 542 million strong workforce received any form of vocational training (whether formal or informal).

To put it in global context, the proportion of formally skilled workers as a percentage of total workforce stands at 24% in China, 52 per cent in USA, 68% in UK and 80% in Japan, against a paltry 3% in India, the report stated.

To overcome such challenges, the report suggests that youth may be offered skill vouchers and scholarships which can be linked to the national skill qualification framework.

This can create an industry-ready model, thus leading to a transformation from supply-based to demand-based skill system. The government should also consider setting up multi skill training institutes in MSME clusters to impart skills based on local demand, it suggested.

"In addition to government initiatives, corporate investment in employee education and training should continue to play a critical role to meet the demand for high-skilled workers. Thus, greater government-industry collaboration holds the key for skilling the burgeoning workforce," Banerjee said.

Extension of JCI's reach for jute procurement needed: CACP

THE COMMISSION FOR Agricultural Costs and Prices (CACP) has recommended that Jute Corporation of India should take proactive steps to extend its reach for spot procurement of raw jute directly from farmers, which will help discover a competitive price, millers said on Sunday.

The recommendation came at a time when the industry is grappling with a raw jute crisis.

A jute millers' association has claimed that the market price was hovering at ₹7,000-7,200 a quintal as against the textile ministry's decision to put a ceiling on raw jute price at ₹6,500 per quintal for mills, leading to the raw material shortage.

—PTI