



June 08, 2023 – Thursday

Economy

OECD marginally raises India's GDP growth forecast to 6% for FY24

The Organization for Economic Co-operation and Development (OECD) has marginally raised its 2023-24 (FY24) growth forecast for India to 6 per cent, from 5.9 per cent estimated earlier, while maintaining that “weak global demand and the effect of monetary policy tightening will constrain” growth in the world’s fifth-largest economy in the current fiscal year. “Moderating inflation and monetary policy easing in the second half of 2024 will help discretionary household spending regain momentum. This, along with improved global conditions, will help economic activity to accelerate, with the growth of 7 per cent in real gross domestic product (GDP) in 2024-25,” the grouping of advanced economies said in its latest Economic Outlook.

https://www.business-standard.com/economy/news/oecd-marginally-revises-india-s-gdp-growth-forecast-to-6-for-fy24-123060700887_1.html

Kharif crop MSP hike unlikely to have big impact on inflation, say economists

The increase in minimum support prices (MSP) for kharif crops by 5-11% is unlikely to have a significant impact on inflation unless crop production falters, or the government significantly ramps up procurement, experts have said. “This means that in case of any shortfall in production of any crop, prices can increase at a faster rate and add to inflation,” said Madan Sabnavis, chief economist at Bank of Baroda (BoB). “The crux will hence be the size of the crops this season.”

<https://economictimes.indiatimes.com/news/economy/indicators/kharif-crop-msp-hike-unlikely-to-have-big-impact-on-inflation-say-economists/articleshow/100830386.cms>

Banking and Finance

RBI's gold reserve up over 40% in five years

The Reserve Bank of India’s gold reserves is up more than 40 percent since it resumed purchase of the yellow metal over five years ago, even as it seldom sells unlike other central banks. IT implies that gold has emerged as a strong hedge against inflation and also helped reduce dollar dependence to an extent. India’s official gold reserves is up from 17.9 million troy ounce in December 2017 to 25.55 million troy ounce in April this year according to the latest RBI data. This roughly translates to 795 metric tonnes of gold. Central banks alone have bought 228 tonnes during January-April according to the latest World Gold Council report. “ Sustained and significant purchases from the official sector underscore gold’s role in international reserve portfolios during times of market volatility and heightened risk” it said.

<https://economictimes.indiatimes.com/news/economy/finance/rbis-gold-reserve-up-over-40-in-five-years/articleshow/100825558.cms>

RBI expands scope of TReDS, includes insurers as participants

The Reserve Bank of India has allowed more participants on the Trade Receivables Discounting System (TReDS) platform to improve access to funds for micro, small and medium enterprises (MSMEs). The central bank on Wednesday permitted all institutions that undertake factoring business to participate as financiers in TReDS. “This

would augment the availability of financiers on the TReDS platform,” RBI said. The regulator also allowed taking insurance cover for invoicing facilities on the TReDS platform which would aid financiers to hedge default risks. Accordingly, insurance companies are permitted as the “fourth participant” in TReDS, besides MSME sellers, buyers and financiers. The insurance facility is likely to encourage discounting of payables of buyers irrespective of their credit ratings.

<https://economictimes.indiatimes.com/industry/banking/finance/insure/rbi-expands-scope-of-treds-includes-insurers-as-participants/articleshow/100828476.cms>

Banks reluctant to park funds with RBI despite high liquidity

Despite the prevalence of a large surplus of liquidity in the system, banks have shown reluctance to park excess funds with the Reserve Bank of India, preferring to hold onto cash ahead of crucial events in the coming days. Following a heavily undersubscribed 14-day variable rate reverse repo (VRRR) operation on June 2, the RBI has held a VRRR auction on the first three days of the current week, signalling its desire to absorb the surplus funds with banks. Reverse repo operations are one of the tools used by the central bank to drain out excess liquidity from the banking system. At the end of the tenure of a VRRR, the funds return to banks.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/banks-reluctant-to-park-funds-with-rbi-despite-high-liquidity/articleshow/100830628.cms>

Rupee trade volumes likely to get a fillip after RBI's IFSC ruling

The Reserve Bank of India (RBI)'s decision to allow banks having a presence in the International Financial Services Centre (IFSC) to offer non-deliverable derivatives contracts (NDDC) to domestic non-retail segments will boost INR trade volumes, experts said. So far, only residents outside India were allowed to sell these contracts. Now Residents - Non-Retail can also be offered the NDDC. Since it is a non-deliverable contract no delivery of foreign currency of the notional amount will have to be made. The settlement (difference in the two rates) will be in cash either in the foreign currency or in INR.

https://www.business-standard.com/industry/banking/allowing-nddc-to-domestic-non-retail-users-to-boost-inr-trade-volumes-123060701019_1.html

Sebi wants to track money flowing into PE, VC funds

The Indian capital market regulator, which is about to change the rules to trace persons controlling foreign portfolio investors (FPIs), will also track the money flowing into local private equity (PE) and venture capital (VC) funds. It wants to know who the investors are, where the money is coming from, and whether the PE and VC vehicles, known as alternative investment funds (AIFs) in regulatory parlance, are being misused. At a meeting with select industry persons and domain experts a fortnight ago, senior officials of the Securities and Exchange Board of India (Sebi) said new regulations are being explored to monitor the investments in AIFs, two persons aware of the deliberations told ET.

<https://economictimes.indiatimes.com/news/economy/policy/sebi-wants-to-track-money-flowing-into-pe-vc-funds/articleshow/100834267.cms>

Credit sanctions to pick up traction as base effect fades, say NBFCs

Credit sanctions by finance companies slumped in Q4 FY23 due to base effect and a spike in interest rates but will pick up in coming quarters on the strength of underlying demand and rate stabilisation, senior executives of NBFCs have said. While sanctions moderated in growth, disbursements remained strong in FY23. Credit offtake has been healthy in the first two months of FY24, they said.

https://www.business-standard.com/finance/news/credit-sanctions-to-pick-up-traction-as-base-effect-fades-nbfc-123060700954_1.html

Minimum assured return pension scheme in the works: PFRDA chief, Mohanty

Pension Fund Regulatory and Development Authority (PFRDA) chairman Deepak Mohanty said on Wednesday that the regulator is working on a pension scheme that could provide a minimum assured return. "We are considering that product. We have made some progress. We will come out with that product, and at the same time, one would have to see that the return should be attractive," said Mohanty. Earlier this week, Mohanty told ET that pension funds are thinly capitalised and will need to bring in solvency capital if they offer guaranteed returns. The pension

regulator noted on Wednesday that the minimum assured returns pension scheme is going to have a higher premium than others so that it can ensure attractive returns. Mohanty noted that in the case of an assured return, the pension fund has to provide more capital because it is taking on more risk.

<https://economictimes.indiatimes.com/news/economy/finance/minimum-assured-return-pension-scheme-in-the-works-pfrda-chief-mohanty/articleshow/100829606.cms>

Industry

Need to use more scrap for steel making in decarbonization push: Scindia

India must increase the volume of vehicle scrap used in steel making in a bid to lower carbon emissions, Minister for Steel Jyotiraditya Scindia said Wednesday. Responding to queries from ET, he also said that instances of domestic steel industry facing injury due to imports have been flagged to him. Commenting on the present state of the domestic steel industry and the threats from imports, Scindia said, "We are still a net exporter of steel. The steel that is coming in as imports is either speciality, or there is a pricing arbitrage." He pointed out that the large manufacturing capacity that has been put in place (referring to China), is idling due to their economy not growing at the projected rate.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/steel/need-to-use-more-scrap-for-steel-making-in-decarbonization-push-scindia/articleshow/100827793.cms>

Three out of every five Indians prefer opting for car loans: CARS24

Owing to ease and accessibility, three out of every five Indians prefer getting their cars financed, according to data released by autotech company CARS24. The trend enjoys more popularity in tier 2 and 3 cities where 75 per cent of car buyers opt for financing. In tier 1 or metro cities, 60 per cent of car buyers prefer taking loans for it. The company said that the rising costs of vehicles, the desire for newer models with advanced features, and the availability of attractive loan packages are encouraging Indians to go for financing.

https://www.business-standard.com/industry/auto/three-out-of-every-five-indians-prefer-opting-for-car-loans-cars24-123060700622_1.html

EV battery manufacturing will require 2,400 acres of land by 2030: CBRE

CBRE South Asia Pvt Limited, India's leading real estate consulting firm, announced on Wednesday that real estate requirements for manufacturing electric vehicles (EV) batteries are estimated to reach 2,400 acres by 2030 as a result of the government's EV adoption targets. The report titled 'Electric Vehicles in India – New Wheels on the Roads', points out that Uttar Pradesh and Maharashtra are the leading states in charging infrastructure manufacturing. Maharashtra has the highest count of sanctioned EV chargers with 317 chargers, followed by Gujarat with 278 EV chargers.

https://www.business-standard.com/industry/auto/ev-battery-manufacturing-will-require-2-400-acres-of-land-by-2030-cbre-123060700681_1.html

Agriculture

MSP increased for Kharif crops

The Cabinet Committee on Economic Affairs on Wednesday approved an increase in the minimum support price (MSP) for kharif crops such as paddy, maize and moong for the marketing season 2023-24. Union minister Piyush Goyal, announcing cabinet decisions, said the increase in MSP has been the highest ever in recent years. Farmers will benefit from this decision at a time when retail inflation is on a declining trend, he added.

<https://economictimes.indiatimes.com/news/economy/agriculture/msp-increased-for-kharif-crops/articleshow/100830345.cms>

Tur dal prices may stay firm after slight fall: Industry expects

Prices of tur dal have decreased slightly after the government on June 2 imposed a stock limit on traders and processors. However, the dal processing industry expects tur prices to remain firm over the next three-four months because of supply shortage. Unprocessed whole tur beans are processed at the dal mills to produce spit tur or tur dal. Ex-mill tur dal prices have increased by about 30% since January. Last week, prices of unprocessed whole tur

crossed Rs 100/kg, the comfort level of the government, which is believed to be the reason for imposition of the stock limit.

<https://economictimes.indiatimes.com/news/economy/agriculture/tur-dal-prices-may-stay-firm-after-slight-fall-industry-expects/articleshow/100830049.cms>

Infrastructure

India to have 200-220 more airports, heliports in next 5 years: Scindia

Union Civil Aviation Minister Jyotiraditya Scindia on Wednesday said that 200-220 more airports, heliports and water aerodromes will be built in the country over the next five years. The union minister was addressing media persons in the national capital while highlighting the work done by the aviation sector in the last nine years of Prime Minister Narendra Modi-led Bharatiya Janata Party (BJP) government. Scindia said, "Whatever the governments have done in the past 68 years, the Modi government has done it in the 9 years. The number has reached from 74 to 148. We aim to make in 200-220 in the next five years including heliports and water aerodromes"

https://www.business-standard.com/india-news/india-to-have-200-220-more-airports-heliports-in-next-5-years-scindia-123060700639_1.html

Cabinet gives nod to HUDA City Centre-Cyber City metro project in Gurugram

The Union Cabinet on Wednesday approved metro connectivity from HUDA City Centre to Cyber City in Gurugram with a spur line to Dwarka Expressway. Briefing the media about the cabinet decisions, Union Food and Public Distribution Minister Piyush Goyal said the project will cost Rs 5,452 crore. The Cabinet, chaired by Prime Minister Narendra Modi, approved the entire elevated metro line covering 28.5 kilometres. The project is expected to be completed in four years. There will be 27 stations on the route. The entire project will be elevated and have a spur (side line) from Basai village for connectivity to the depot.

<https://economictimes.indiatimes.com/news/economy/infrastructure/cabinet-gives-nod-to-huda-city-centre-cyber-city-metro-project-in-gurugram/articleshow/100819432.cms>

India calling: NRI investments in Indian real estate have doubled

After the Covid-19 pandemic, the share of non-resident Indians (NRIs) in the Indian property market has doubled and almost 20 per cent of the sales for many real estate developers are now coming from outside the country, according to a report in The Economic Times. The share of NRIs in the sales of premium and luxury products has more than doubled to 20 per cent, industry experts said. Before the coronavirus pandemic, NRIs used to account for less than 10 per cent of sales.

https://www.business-standard.com/industry/news/india-calling-nri-investments-in-indian-real-estate-have-doubled-123060700429_1.html

Retailers' mall rent set to rise 5-7%; to fall for multiplexes

The bullish outlook of retailers towards expansion in FY24 has led to an increase in mall rentals to the tune of 5-7% this year compared to last year, conversations with mall owners across cities such as Mumbai, Delhi and Kolkata reveal. The cinema chains, on the other hand, are seeking to renegotiate rentals down to the tune of 10-15% for new theatres in malls as footfalls remain sluggish, especially for Hindi film content, mall owners say. "Box-office performance has been a challenge for multiplex operators especially in the Hindi segment, though south cinema is doing well," says Mukesh Kumar, MD & CEO, Quest Properties India, who is also the chairman of the Shopping Centres Association of India, an apex body of mall owners.

<https://www.financialexpress.com/industry/retailers-mall-rent-set-to-rise-5-7-to-fall-for-multiplexes/3115965/>

Energy

Govt launches initiative to leverage emerging technology in Power sector

The government has launched a 'Mission on Advanced and High-Impact Research (MAHIR)' with a view to leverage emerging technologies in the power sector and make the country a manufacturing hub. MAHIR aims to facilitate indigenous research, development and demonstration of the latest and emerging technologies in the power sector, a power ministry statement said. By identifying emerging technologies and taking them to the implementation stage,

the mission seeks to leverage them as the main fuel for future economic growth and thus make India a manufacturing hub of the world, it stated. The ministry of power and the ministry of new and renewable energy have jointly launched a national mission to quickly identify emerging technologies in the power sector and develop them indigenously, at scale, for deployment within and outside India.

<https://economictimes.indiatimes.com/industry/energy/power/govt-launches-initiative-to-leverage-emerging-technology-in-power-sector/articleshow/100830729.cms>

Coal Ministry doubles down on river, sea transportation to meet rising demand

As India's power demand is rising at a significant pace aided by growing industrial and household consumption, the Coal Ministry is working on developing the rail-sea-rail (R-S-R) route to account for 5 per cent of the country's total supply during the peak power demand season. Besides, the Ministries of Coal, Ports, Shipping and Waterways as well as Railways are working on developing the inland waterways for evacuating coal from IB valley and Talcher coalfields in Odisha, which account for a lion's share of coal supplied to power plants in the country.

<https://www.thehindubusinessline.com/news/coal-ministry-doubles-down-on-river-sea-transportation-to-meet-rising-demand/article66942677.ece>

Telecom

Cabinet approves ₹89,000-cr revival package for BSNL

The Union Cabinet on Wednesday approved the third revival package for Bharat Sanchar Nigam Ltd (BSNL) with a total outlay of ₹89,047.82 crore that includes allotment of 4G/5G spectrum through equity infusion. The authorised capital of BSNL will be increased from ₹1,50,000 crore to ₹2,10,000 crore, a government statement said, adding that with this revival package, BSNL will emerge as a "stable telecom service provider" focused on providing connectivity to the remotest parts.

<https://www.thehindubusinessline.com/companies/cabinet-approves-89000-cr-revival-package-for-bsnl/article66943008.ece>

States

AP sees traction in MoUs inked during GIS

Andhra Pradesh is witnessing operationalisation of investment proposals related to MoUs inked during the Global Investors Summit (GIS) 2023 on a rapid note as per the State government data.

<https://www.thehindubusinessline.com/news/ap-sees-traction-in-mous-inked-during-gis/article66941770.ece>

Healthcare

Pharma companies may have to switch to opaque bottles for eye drops packaging

Pharmaceutical companies may have to switch to using opaque plastic bottles for packing eye drops to avoid microbial contamination. India's drug regulator is considering making amendments in the drugs rules for packaging of eye drops, said people with knowledge of the matter. "Bacterial contamination in ophthalmic solution bottles are often reported and hence the need was felt to change its packaging to ensure that it remains free from any contamination," said one of the persons, who did not wish to be identified. The Drugs Consultative Committee (DCC), a technical body of experts under the Drugs Controller General of India (DCGI), deliberated on the issue in their meeting last week and will take final decision soon, said the person.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals/pharma-companies-may-have-to-switch-to-opaque-bottles-for-eye-drops-packaging/articleshow/100830923.cms>

External

India to soon take a final call on joining the trade pillar of IPEF

India will soon take a final call on joining the trade pillar of the Indo-Pacific Economic Framework (IPEF) amid growing feelings within the government that it may be losing out on shaping the negotiations with its 'observer' status. India

pulled out of the IPEF's trade pillar-related negotiations in September last year, citing it was unclear what benefits member countries, including India, would derive from the negotiations.

https://www.business-standard.com/economy/news/india-to-soon-take-a-final-call-on-joining-the-trade-pillar-of-ipef-123060700991_1.html

EEPC to focus on WANA region for enhancing engineering goods exports

Engineering Exports Promotion Council on Wednesday said it would focus on the West Asian and North African countries for enhancing exports to the WANA region. The EEPC, in a statement, said there is ample scope for increasing bilateral trade with the WANA countries, especially for engineering exports. The council is also holding an exhibition 'INDEE' at Jordan, which is India's fourth largest trading partner in the region. In 2022, India's engineering exports to Jordan stood at USD 136.4 million, which was 33 per cent higher than the target of USD 109 million for the period.

https://www.business-standard.com/india-news/eeec-to-focus-on-wana-region-for-enhancing-engineering-goods-exports-123060700660_1.html

Seafood Exporters Association calls for enhanced quality standards for exports

Seafood exporters should prioritise and uphold the prescribed quality parameters for international trade, according to Jagdish Fofandi, President of the Seafood Exporters Association of India. Notably, India stands as the fourth largest seafood exporter globally and holds the distinction of being the leading exporter of shrimp to the US market. However, it is imperative to ensure that stringent food standards are not only met for international markets but also consistently delivered within the domestic market.

<https://www.thehindubusinessline.com/economy/agri-business/seafood-exporters-association-calls-for-enhanced-quality-standards-for-exports/article66941258.ece>