



July 11, 2023 – Tuesday

Economy

India may be world's 2nd-largest economy by 2025, says Goldman Sachs

India is poised to become the second-largest economy in the world by 2025, surpassing not only Japan and Germany but also the United States, according to a Goldman Sachs report. The report projected India's GDP at \$52.5 trillion by 2025, behind China's \$57 trillion but ahead of the US' \$51.5 trillion. Currently, India is the world's fifth-largest economy, behind Germany, Japan, China and the US. According to the Economic Survey tabled in Parliament in January this year, the Indian economy was projected to reach the \$3.5 trillion mark by the end of March.

https://www.business-standard.com/economy/news/india-may-become-2nd-biggest-economy-by-2025-ahead-of-us-goldman-report-123071000916_1.html

India overtakes China as most attractive emerging market for investing

India has overtaken China as the most attractive emerging market for investing, according to 85 sovereign wealth funds and 57 central banks representing USD 21 trillion in assets. India is increasingly viewed positively for its improved business and political stability, favourable demographics, regulatory initiatives, and a friendly environment for sovereign investors, according to a report by global investment management firm Invesco.

https://www.business-standard.com/economy/news/india-overtakes-china-as-most-attractive-emerging-market-for-investing-123071000621_1.html

Rural consumption to pick up on wage rise and lower inflation, say economists

An increase in real rural wages backed by moderation in rural inflation and a pick-up in non-agricultural incomes may bridge the divergent recovery in consumption, witnessed with the easing of Covid-19, in this financial year, according to economists. Rural inflation has declined sharply in the past few months compared to urban inflation. In May, rural inflation, at 4.17%, was lower than 4.27% in urban areas. According to a note by India Ratings and Research lower-income households may witness an increase in real wages. "This may help revive broad-based consumption demand, which is highly skewed in favour of goods and services consumed by the households belonging to the upper-income bracket," said Paras Jasrai, senior economic analyst at Ind-Ra, indicating that the K-shaped recovery may start getting corrected.

<https://economictimes.indiatimes.com/news/economy/indicators/bright-spot-rural-consumption-to-pick-up-on-wage-rise-and-lower-inflation-say-economists/articleshow/101647375.cms>

Soaring vegetable prices may tip India's delicate inflation balance

A steeper-than-expected surge in the prices of vegetables, especially tomatoes, over the past few weeks could push India's retail inflation towards 5.5% in the July-September quarter, at least three economists said. The country's inflation eased to between 4% and 5% in April and May, inching towards the central bank's 4% target, and likely held below 5% in June as well, partly due to a supportive base, data due Wednesday is expected to show. However, if the spike in vegetable prices sustains, it could push July inflation towards 6%, said Gaura Sen Gupta, an economist at IDFC First Bank.

<https://economictimes.indiatimes.com/news/economy/policy/soaring-vegetable-prices-may-tip-indias-delicate-inflation-balance/articleshow/101633332.cms>

Inflation likely rose to 4.58% in June on higher food prices: Reuters poll

India's inflation likely snapped a four-month decline in June as food prices surged, a Reuters poll of economists found, making a cut in interest rates unlikely any time soon, while the Reserve Bank of India is also expected to resist pressure to raise rates. "We believe the RBI will tolerate a supply-side driven rise in food inflation as long as core price pressures continue to ebb within the bank's tolerance band," said Alexandra Hermann, senior economist at Oxford Economics. Uneven monsoon rains have damaged crops of some perishable foods and hindered the movement of goods, resulting in shortages of basic ingredients for Indian cooking, such as tomatoes, chillies and onions.

https://www.business-standard.com/economy/news/inflation-likely-rose-to-4-58-in-june-on-higher-food-prices-reuters-poll-123071000462_1.html

Banking and Finance

Life insurers report flat growth in Q1, FY24

The life insurance industry reported a 1% decline in growth of new business premium income during the first quarter of FY2023-24, primarily due to a dip in group regular policies amid muted demand for group superannuation products. Also, the uncertainty surrounding the commission structure contributed to the flat growth. During the April-June period, private life insurers reported a growth of 10.58% in their total premium income to ₹28,167 crore compared to ₹25,437 crore in the same period last year. This was largely driven by an increase in group single premium policies. In contrast, state-owned Life Insurance Corporation of India (LIC) witnessed a decline of 7% in its total premium income to ₹44,837 crore from ₹48,201 crore during the same period.

<https://economictimes.indiatimes.com/markets/stocks/news/life-insurers-report-flat-growth-in-q1-fy24/articleshow/101650812.cms>

Rural areas have the least presence of payments banks' offices: Crisil

Rural areas have the least presence of payments banks' (PBs') functioning offices, whereas urban areas have the highest number of functioning offices, according to Crisil Market Intelligence and Analytics (MI&A). At the end of December, 2022, maximum number of offices were in urban areas (44 per cent) and semi-urban (40 per cent) areas, followed by metropolitan (11 per cent) and rural areas (5 per cent). Six payments banks had a total number of 741 functioning offices at the end of last year. According to the credit rating agency, the functioning offices of payments banks are likely to grow in rural areas due to the increased focus of the government on financial inclusion.

<https://www.thehindubusinessline.com/money-and-banking/rural-areas-have-the-least-presence-of-payments-banks-offices-crisil/article67060653.ece>

India's direct tax mop-up in FY24 rises 16% to Rs 4.75 trillion so far

India's direct tax collection soared 16 per cent to touch Rs. 4.75 trillion this financial year, showing continuity in revenue growth despite external headwinds. The collection has gathered pace over past months, with net direct tax collection, net of refunds, growing 15.87 per cent to Rs. 4.75 trillion by July 9, higher than the net collections for the corresponding period of last year," finance ministry said on Monday while releasing the provisional figures.

https://www.business-standard.com/economy/news/direct-tax-mop-up-grows-16-to-rs-4-75-trillion-so-far-this-fiscal-123071000920_1.html

Industry

Domestic tractor sales reach 8-month high in June amid mixed farm sentiments

Domestic tractor sales hit an 8-month high this June, while production touched a 9-month peak during the month amid mixed farm sentiments due to the late onset of monsoon. However, for the Q1 of this fiscal, domestic sales fell marginally, while production and exports reported a higher decline when compared with the year-ago period.

<https://www.thehindubusinessline.com/economy/agri-business/domestic-tractor-sales-reach-8-month-high-in-june-amid-mixed-farm-sentiments/article67063221.ece>

Exempt fizzy, juice-based drinks from sin tax: Companies

New Delhi-based Indian Beverage Association (IBA), an industry group that represents Coca-Cola, PepsiCo, Red Bull and Dabur, has urged the government to exempt categories such as carbonated drinks and juice-based drinks from so-called 'sin taxes' or taxes on products referred to as unhealthy. In separate letters to the ministry of finance, ministry of food processing industries and the GST Council Secretariat, the industry group said the GST classification of these products has been creating a "negative perception". The letters come ahead of the GST Council meet on Tuesday. "Irrespective of the ingredients used and nutrition content, a negative perception has been created by GST classification of these products (as demerit or sin goods) that non-alcoholic beverages are harmful for health," the letters said. ET has seen copies of the letters. "The food processing ministry has supported our demand of rationalisation of GST rates on non-alcoholic beverages for faster growth of the sector. IBA has also made representations to many states on the same lines," said JP Meena, secretary general of IBA.

<https://economictimes.indiatimes.com/industry/cons-products/fmcg/exempt-fizzy-juice-based-drinks-from-sin-tax-companies/articleshow/101647865.cms>

Agriculture

Inter-mandi eNAM trade up 290% in Q1

With more states allowing trading of agricultural commodities using digital wholesale agri-marketing platform, electronic National Agriculture Market (eNAM), there has been a spurt in trading amongst various markets within the state as well as at the inter-state level. In the April-June quarter of the current fiscal, there has been a 290% annual spike in inter-mandi trade on e-NAM to Rs 336 crore. In terms of inter-state trade, which was not happening a year ago, there has been an increase since the beginning of the year.

<https://www.financialexpress.com/economy/inter-mandi-enam-trade-up-290-in-q1/3162306/>

Likely damage to sown crops stokes food inflation worries

The intense rainfall spell over Himachal Pradesh, Punjab and Haryana is expected to "decrease significantly" in the coming days, but experts believe the rains to have caused significant damage to the already sown kharif crops in the north-western states. The damage to the moong, urad, groundnut and soybean crops could range 10-15%, leading to concerns about a significant increase in prices of these commodities, they said. But the rains could help the paddy crop in Punjab and Haryana. "The excessive rainfall has caused damage to kharif crops such as cotton, pulses and oilseeds in the northern states," said Rahul Chauhan of commodity research firm iGrain India.

<https://economictimes.indiatimes.com/news/economy/agriculture/likely-damage-to-sown-crops-stokes-food-inflation-worries/articleshow/101647888.cms>

Rice sale under OMSS sees lukewarm response; govt says open to tweak policy

The Centre on Monday said there has been a lukewarm response to the sale of rice to small traders under the open market sale scheme in the first e-auction round and indicated that it is open to tweaking the policy. While ruling out allowing states to participate in the Open Market Sale Scheme (OMSS) for rice, Union Food Secretary Sanjeev Chopra also said the Centre will watch how the subsequent e-auction rounds go before deciding on the next course of action. According to Chopra, 15 states and Union Territories (UTs), including Tamil Nadu and Odisha, are of the view that the Centre's surplus food stock should be used in the larger interest of 140 crore population and "not for a particular section and particular class of people".

<https://economictimes.indiatimes.com/news/economy/agriculture/rice-sale-under-omss-sees-lukewarm-response-govt-says-open-to-tweak-policy/articleshow/101645804.cms>

Infrastructure

Residential sales between January and June touched 15-year-high: JLL report

The sales of homes in India touched a 15-year-high of 126,587 units in the first six months of 2023, according to data released by real estate consultancy JLL on Monday. This is 21 per cent higher than the same period last year. According to JLL, the sales are primarily driven by a "resilient domestic economy" and "stable job environment". Each quarter, one ending on March 31 and another on June 30, recorded sales of over 62,000 homes.

https://www.business-standard.com/industry/news/residential-sales-between-january-and-june-touched-15-year-high-jll-report-123071000429_1.html

PE investments in real estate down 5% YoY at 1.9 bn in Q1 FY24: Report

Private equity (PE) investments in Indian real estate declined five per cent year on year (YoY) to \$ 1.9 billion in April-June 2023 (Q1 FY24) as interest rates increased. Investments worth \$2 billion were made in Q1 FY23, according to real estate advisory firm Anarock. Investments have crossed the pre-pandemic level when PE flows were about \$ 1.7 billion in April-June 2019 (Q1 FY20), according to 'FLUX', the company's market monitor for capital flows.

https://www.business-standard.com/industry/news/pe-investments-in-real-estate-down-5-yoy-at-1-9-bn-in-q1-fy24-report-123071000291_1.html

Energy

India's power consumption grows by 4.4 per cent to 139.23 billion units in June

Power consumption grew by 4.4 per cent to 139.23 billion units in June this year compared to last year. In the year-ago period, power consumption stood at 133.26 billion units (BU), higher than 114.48 BU in June 2021, according to government data. The peak power demand met, which is the highest supply in a day, rose to 223.23 GW in June 2023. The peak power supply stood at 211.72 GW in June 2022 and 191.24 GW in June 2021. The power ministry had estimated the country's electricity demand to touch 229 GW during the summer season. But the demand did not reach the projected level in April-May this year due to unseasonal rains.

<https://economictimes.indiatimes.com/industry/energy/power/indias-power-consumption-grows-by-4-4-per-cent-to-139-23-billion-units-in-june/articleshow/101643507.cms>

Bids invited to set up green hydrogen production units

The government on Monday invited bids for setting up green hydrogen manufacturing capacities of 450,000 tonnes per year in the first tranche of the Strategic Interventions for Green Hydrogen Transition (SIGHT) scheme. The SIGHT programme is a part of India's National Green Hydrogen Mission launched in January, with an outlay of Rs 17,490 crore for green hydrogen capacity as well as electrolyzers. Of this, Rs 13,050 crore is for green hydrogen capacities till financial year 2029-30. The pre-bid meeting will be held on July 28 with the last date of submission for submitting the bids set at September 7, as per the bidding documents. The Solar Energy Corporation of India, under the Ministry of New and Renewable Energy, is the implementing agency for the scheme.

<https://economictimes.indiatimes.com/industry/renewables/bids-invited-to-set-up-green-hydrogen-production-units/articleshow/101647913.cms>

Hard to imagine gas-led economy based only on domestic supply: PNGRB Chief

The domestic natural gas industry needs to take a holistic view of the sector to raise natural gas consumption in the country and meet demand when it reaches a critical level, the Petroleum and Natural Gas Regulatory Board (PNGRB) Chairperson Anil K Jain said on Monday. Arguing that enough natural gas is available for import, he said the domestic market in India needs to amalgamate. Speaking at the India Gas Infrastructure Conference organised by industry body FICCI, Jain said it will be difficult to imagine a gas-led energy system for India based on only domestic gas. "As it is, the demand for gas in India is going to grow so much, it has to become like Angola or Qatar (in terms of capacity and usage). That kind of gas will not come from domestic sources," he stressed.

https://www.business-standard.com/economy/news/hard-to-imagine-gas-led-economy-based-only-on-domestic-supply-pngrb-chief-123071000430_1.html

States

South Eastern Coalfields to turn old mine in Chhattisgarh into tourism hub

The South Eastern Coalfields Limited (SECL) will develop the now closed opencast Manikpur Pokhari mine in Korba district of Chhattisgarh as an eco-tourism destination. This will be the second eco-tourism site that the Chhattisgarh-based entity of mining major Coal India Limited (CIL) will develop in the state. Earlier, the closed mine at Kenapara in Surajpur district was converted by the SECL as an eco-tourism site.

https://www.business-standard.com/economy/news/south-eastern-coalfields-to-turn-old-mine-in-chhattisgarh-into-tourism-hub-123071001043_1.html

Uttar Pradesh govt looking to invest about Rs 3,800 cr in agri start-ups

The Uttar Pradesh government is looking to boost the state's agricultural value by investing about Rs 3,800 crore in agri start-ups during the financial year 2023-24 (FY24). The new ventures under the blueprint focus on seeds, fertilisers, warehousing, soil nutrients, harvest/post-harvest crop management, and food processing units, etc. The scheme, which covers agricultural and horticultural crops apart from allied farm activities, aims to target pisciculture, sericulture, and food processing as well.

https://www.business-standard.com/economy/news/uttar-pradesh-govt-looking-to-invest-about-rs-3-800-cr-in-agri-start-ups-123071001027_1.html

IMD issues fresh red and orange alerts in Himachal for next 24 hours

There appears to be no immediate respite in the offing for Himachal Pradesh, which has been battered by rains over the last few days, as the India Meteorological Department (IMD), on Tuesday, issued "red" and "orange" alerts for several districts of the hill-state for the next 24 hours. "A red alert has been issued for very heavy rainfall in Solan, Shimla, Sirmour, Kullu, Mandi, Kinnaur, and Lahaul for the next 24 hours. Additionally, an orange alert has been issued in Una, Hamirpur, Kangra, and Chamba. A flash flood warning has been issued for Mandi, Kinnaur, and Lahaul-Spiti for the next 24 hours," said senior IMD Scientist Sandeep Kumar Sharma on Monday.

<https://economictimes.indiatimes.com/news/india/imd-issues-fresh-red-and-orange-alerts-in-himachal-for-next-24-hours/articleshow/101651230.cms>

Healthcare

Drug regulator to issue warning against Pholcodine in cough syrups

India's drug regulatory authority will soon be issuing a warning regarding cautious use of Pholcodine containing cough and cold remedies in the country amid concerns that they can trigger life threatening allergic reactions. Pholcodine is an opioid cough suppressant that helps mildly sedate a patient and suppress dry coughs. It is found in cough medications. The World Health Organisation (WHO) had earlier issued a safety alert warning regulators around the world about the potential dangers of pholcodine use. Pursuant to this, some regulatory authorities that have already withdrawn prescription and over-the-counter preparations containing Pholcodine from their markets include Therapeutic Goods Administration (TGA), Australia, the Medicines and Healthcare Products Regulatory Agency (MHRA), the United Kingdom, and the National Pharmaceutical Regulatory Agency (NPRA), Malaysia.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals/drug-regulator-to-issue-warning-against-pholcodine-in-cough-syrups/articleshow/101647368.cms>

Indian drugmakers bag 42 per cent of total market authorisations of USFDA last year

India now has the highest number of market authorisations granted by the US Food and Drug Authority (USFDA) so far along with a steady increase in the registration of manufacturing sites registered with the US regulator. Market authorisations are approvals given to Abbreviated New Drug Applications (ANDAs) that allow companies to launch a product in the US market. As per the latest industry data of the USFDA, market authorisations granted to Indian formulations companies with USFDA approvals stood at 6,316, which is highest in comparison to any other country as of April 2023. This includes authorisations granted to India subsidiaries situated overseas. There were 107 market authorisations granted by the US agency for First Time Generics out of which Indian origin companies bagged 41 which shows the 'primacy' of the Indian drug industry, according to R Uday Bhaskar, Director-General, Pharmaceutical Export Promotion Council (Pharmexcil). "There has been a steady increase in the overall percentage of market authorisations granted to Indian companies over the last year despite the challenges posed by Covid-19 to the Industry," a senior official of a Hyderabad-based drug major told businessline.

<https://www.thehindubusinessline.com/news/indian-drugmakers-bag-42-per-cent-of-total-market-authorisations-of-usfda-last-year/article67063943.ece>

Indian pharma to reach \$57 b by FY25: Report

The Indian pharma, which has a strong footprint in the generics segment grew by nearly 5 per cent on a y-o-y basis to \$49.78 billion in FY23, and is expected to reach \$57 billion by FY25, according to the CareEdge report. During FY18-FY23, the sector, including domestic and exports, registered a compound annual growth rate (CAGR) of 6-8 per cent with 8 per cent growth in exports and 6 per cent growth in the domestic market during the same period.

Compared to FY22, exports grew by just 3 per cent while the domestic market continued to grow at a healthy rate of 7 per cent in FY23.

<https://www.thehindubusinessline.com/economy/indian-pharma-to-reach-57-b-by-fy25-report/article67064084.ece>

External

Bangladesh moves beyond dollar to settle trade with India in rupee

Bangladesh is all set to settle trade with India in Rupee from Tuesday, a move to cut their reliance on the American currency, which was involved in nearly 90 per cent of global forex transactions in 2022, The Daily Star reported. Bangladesh Bank and the Indian High Commission are expected to announce the news regarding the Indian currency at an event at Le Meridien Hotel in Dhaka tomorrow. The central bank governor and the Indian high commissioner will also join, a Bangladesh Bank (BB) official said.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/bangladesh-moves-beyond-dollar-to-settle-trade-with-india-in-rupee/articleshow/101628085.cms>

India's ethanol program will cap future sugar exports, says research firm BMI

India, the world's second-largest sugar producer and a major exporter in recent years, will likely have a smaller role in the sugar export market going forward as its government-led ethanol program continues to expand, as per a report named Asia Biofuel Outlook by research firm BMI, a unit of Fitch Solutions, on Monday. The report said that India's pursuit of increased ethanol blending in gasoline, as a way to cut the oil products' import bill and reduce carbon emissions, will continue to support global sugar prices. BMI says that there is currently a fast development of additional capacity to produce ethanol in India, where biofuel is made mainly from sugarcane.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/indias-ethanol-program-will-cap-future-sugar-exports-says-fitch-solutions-bmi/articleshow/101646465.cms>

Export, import cost may increase from Jan 2027 as global shipping faces costly decarbonisation measures

Decarbonisation measures for the global shipping industry to reduce carbon emissions in the coming years may increase the cost of doing exports and imports from January 2027, a report by think tank GTRI said on Monday. The 175-member International Maritime Organization (IMO) notified its strategy on July 7 to decarbonise the global shipping sector and achieve net-zero emissions by 2050, the Global Trade Research Institute (GTRI) said. It added that IMO has also set interim targets for reducing emissions by 20-30 per cent by 2030 and 70-80 per cent by 2040, compared to 2008. It added that IMO has also suggested the shipping industry should switch to cleaner fuel. "By 2030 cleaner fuel must account for a minimum 5 per cent of total fuel use. IMO will notify detailed measures next year. While IMO recommendations are not legally binding, countries are expected to achieve the targets set. This year, few countries pushed for a flat tax of USD 100 per tonne of carbon emission by ships, yet IMO ignored the recommendation and set broad targets due to opposition from China and many developing countries," GTRI co-founder Ajay Srivastava said.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/export-import-cost-may-increase-from-jan-2027-as-global-shipping-faces-costly-decarbonisation-measures/articleshow/101639616.cms>