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Economy

India likely to meet 5.9% fiscal deficit target in FY24, says IMF

India has room to absorb additional expenditure towards subsidies and rural unemployment programme without raising its fiscal deficit target from 5.9% set for the current financial year, the International Monetary Fund said on Thursday. Prime Minister Narendra Modi's party, which faces elections in key states this year and national polls in 2024, has been under pressure to create jobs and help farmers, which may lead to higher than planned expenditure for the year.

https://www.business-standard.com/economy/news/imf-sees-india-meeting-its-fy24-deficit-goal-despite-extra-spending-123101901011_1.html

Countries like India need policies based on reliable data for sustainable growth: World Bank's Gill

Middle-income countries like India need to make policies based on reliable data to get into the league of high-income nations in next 3-4 decades as achieving sustainable growth will become harder, World Bank chief economist Indermit Gill said on Thursday. Addressing an event here, Gill said, to grow into higher-income countries, MCIs (Middle Income Countries) will have to reduce deficits in their mid-sized firms. "(Going forward) economic growth will get harder for middle-income countries like India, not easier... If you (middle-income countries like India) want to get into high-income country in the next 3-4 decades then you will have to make policies based on reliable information," he said.

<https://economictimes.indiatimes.com/news/economy/finance/countries-like-india-need-policies-based-on-reliable-data-for-sustainable-growth-world-banks-gill/articleshow/104563022.cms>

Food prices to remain stable during festival season, says food secretary

Food secretary Sanjeev Chopra on Thursday said that prices of essential food items like sugar, wheat, edible oils and rice would remain stable during the festival season as a result of a multitude of measures taken by the government. Addressing a press conference, Chopra said the decision on allowing sugar exports during the current 2023-24 marketing year (October-September) would be taken after the agriculture ministry comes out with the production estimates of sugarcane, somewhere around June next year.

https://www.business-standard.com/india-news/prices-of-essential-food-items-to-remain-stable-during-festive-season-govt-123101900834_1.html

Medical, tuition expenses to hurt even as core inflation eases

Medical and tuition expenses are likely to stay high even as core inflation has declined, experts said, citing data which showed health and education inflation remained high in the first half of 2023-24 despite core inflation dipping to a three-and-a-half-year low of 4.6% in September. Strong wage growth contributed to high service inflation, and prices are unlikely to come down in the coming months, said experts. "In H1FY24, both health and education inflation have averaged higher than levels seen in H2FY23, likely reflecting strong urban demand, supported by strong formal sector wage growth," said Gaura Sengupta, economist, IDFC First Bank.

<https://economictimes.indiatimes.com/news/economy/indicators/medical-tuition-expenses-to-hurt-even-as-core-inflation-eases/articleshow/104564265.cms>

Banking and Finance

Financial Services Secretary chairs review meet with PSBs

Financial services secretary Vivek Joshi, on Thursday, chaired a review meeting with heads of public sector banks (PSBs). In a statement, the finance ministry said Joshi asked banks to diligently work towards fulfilling the targets set for them under financial inclusion programmes for the ongoing financial year.

<https://economictimes.indiatimes.com/news/economy/finance/countries-like-india-need-policies-based-on-reliable-data-for-sustainable-growth-world-banks-gill/articleshow/104563022.cms>

India's transparent monetary policy approach inspired confidence: BIS

Amidst the challenges posed by the pandemic, India strategically integrated communication into its monetary policy framework, according to the BIS (Bank for International Settlements) report released by the Reserve Bank of India (RBI) on Thursday. The report further said that beyond providing forward guidance, the RBI utilised communication channels to transparently explain the rationale behind its measures, which anchored inflation expectations and inspired confidence and optimism among the general public.

https://www.business-standard.com/economy/news/india-s-transparent-monetary-policy-approach-inspired-confidence-bis-123101901340_1.html

MFN clause not enough for companies from OECD countries to avail lower withholding tax: SC

The Supreme Court Thursday held that the lower 5% withholding tax on dividend income of companies was not available to all Organisation for Economic Co-operation and Development (OECD) countries just on the most favoured nation (MFN) basis. A bench led by Justice Ravindra Bhatt held that international treaty practices are not enforceable in India unless the government notifies them, a ruling that experts said will have wide ramifications for the industry.

<https://economictimes.indiatimes.com/news/economy/policy/mfn-clause-not-enough-for-companies-from-oecd-countries-to-avail-lower-withholding-tax-sc/articleshow/104567594.cms>

Industry

Mixed signals by top FMCG cos put demand in focus

Thursday was special for investors in FMCG stocks as three Nifty companies from the sector announced their September-quarter performance, giving out mixed signals. Nestle India stock hit a record high on the back of a strong 9.4% increase in revenue along with a 250-basis-point (2.5-percentage-point) expansion in operating margin. The company crossed the ₹5,000 crore revenue mark for the first time in a quarter. The Indian unit of Switzerland-based Nestle performed well on all its product categories, riding on its 'Rurban' strategy of penetrating in small towns and large villages. Softening of commodity prices aided the margin expansion. The adverse impact of weather on production of maize, sugar, oilseeds and spices is expected to push up pricing, thereby impacting margins. Nestle announced a second dividend for this year of ₹140 per share.

<https://economictimes.indiatimes.com/industry/cons-products/fmcmg/mixed-signals-by-top-fmcmg-cos-put-demand-in-focus/articleshow/104564284.cms>

India smartphone market fell 3% in Q3, but gradual recovery seen: Canalys

The smartphone market in India recorded 43 million shipments in the quarter ended September 2023, with the market showing signs of a gradual recovery, despite a 3% on-year decline in shipments, as per a new report. Samsung maintained its top position in Q3 2023 with a market share of 18%, shipping 7.9 million units, while Xiaomi climbed to the second position with 7.6 million shipments, fueled by its affordable 5G models, according to a report by Canalys. The report said Vivo dropped to third shipping 7.2 million units, while Realme and Oppo (excluding OnePlus) finished fourth and fifth respectively, with 5.8 million and 4.4 million units shipped.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/india-smartphone-market-fell-3-in-q3-but-gradual-recovery-seen-canalys/articleshow/104551860.cms>

Infrastructure

India needs its own P&I entity for maritime, says FM Nirmala Sitharaman

India should have a full-fledged protection and indemnity entity in order to reduce the country's vulnerability to international sanctions and pressures, Finance Minister Nirmala Sitharaman said on Thursday. Addressing the Global Maritime India Summit 2023, the finance minister said such an entity would provide greater strategic flexibility to India's shipping operations. "It would also provide a foothold into the specialised segments of protection and indemnity (P&I) business, currently dominated by very few global players," she said.

https://www.business-standard.com/economy/news/fm-sitharaman-pushes-for-india-s-own-p-i-entity-for-maritime-sector-123101901007_1.htm

39 central ministries, 36 states, UTs onboarded PM Gati Shakti platform

As many as 39 ministries of central government and all 36 states and Union Territories have been onboarded on PM Gati Shakti platform, which was launched on October 13, 2021, an official statement said on Thursday. The PM Gati Shakti initiative was launched to develop an integrated infrastructure to reduce logistics costs. "Since the launch of PM Gati Shakti on 13 October, 2021, 39 ministries of Govt of India, and all 36 states/UTs have been onboarded on PM Gati Shakti platform," it said.

https://www.business-standard.com/industry/news/39-central-ministries-36-states-uts-onboarded-pm-gati-shakti-platform-123101901055_1.html

Demand for flexi office spaces rises as WFH becomes passe

More than one-fourth of office leasing is expected to be in flexible workspace in the ongoing fiscal year 2024, as companies continue to look for facilities with 'collaboration spaces' to bring employees back to work. Collaboration spaces refer to work as well as recreational areas. Demand for flexible office space has been growing at a healthy pace since the pandemic. According to the India arm of US-based Upflex, a hybrid booking platform with the largest global network of flexible workspaces, the share of this segment in office space take-up has increased from just 7% in FY20 to 21% in FY23. This is expected to reach 27% this fiscal year, as per Upflex's estimates. To meet the increasing demand, companies such as Smartworks, WeWork, Awfis, Skootr, Urban Vault, Vatika Business Centre, EFC, IndiQube and The Executive Centre are actively expanding their operations.

<https://economictimes.indiatimes.com/industry/services/property/-cstruction/demand-for-flexi-office-spaces-rises-as-wfh-becomes-passe/articleshow/104563926.cms>

States

Tourism-led, plotted developments in Maharashtra coastal areas set for a boost

Property development across Maharashtra's coastal zones is expected to receive a major boost with the state government allowing local authorities to approve construction plans in these areas up to a certain limit without any permissions from the Maharashtra Coastal Zone Management Authority (MCZMA). This will provide an impetus to the coastal line development that has been stuck for long sans environmental permissions and help boost tourism related activity along the shorelines. Plotted developments, villa projects and other such projects along the shorelines that have been witnessing a major traction for the last 2-3 years especially following the outbreak of Covid19 pandemic will receive a major boost with this notification.

<https://economictimes.indiatimes.com/industry/services/property/-cstruction/tourism-led-plotted-developments-in-maharashtra-coastal-areas-set-for-a-boost/articleshow/104569722.cms>

Delhi govt approves motor vehicle aggregator scheme

Delhi Chief Minister Arvind Kejriwal has approved the Delhi Motor Vehicle Aggregator and Delivery Service Provider Scheme 2023, setting the stage for comprehensive regulation and licencing of aggregators and delivery service providers in the city. The file has now been submitted to LG's office.

<https://www.thehindubusinessline.com/news/delhi-govt-approves-motor-vehicle-aggregator-scheme/article67439585.ece>

External

FTA with UK gathers steam, committee of secretaries reviews pact

A committee of secretaries chaired by the cabinet secretary, on Thursday, took stock of the status of the ongoing talks under India-UK free trade agreement on issues such as rules of origin, tariffs and phasing out of duties to iron out the knotty areas. According to people familiar with the development, the commerce department made a detailed presentation on the pending issues in the run-up to the finalisation of the trade pact, which is expected to be inked later this month in the presence of UK Prime Minister Rishi Sunak.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/fta-with-uk-gathers-steam-committee-of-secretaries-reviews-pact/articleshow/104564420.cms>

Govt won't curb PC, laptop, and other IT hardware product imports

In a stepdown from its earlier move, the government on Thursday announced that India will not restrict import of laptops and other IT hardware products, while unveiling a new contactless import authorisation system. The industry has been in a tizzy for over three months after the Centre had said it was planning to bring several IT hardware products under the 'restricted' label as part of the country's attempt to ensure a trusted supply chain and also in its effort to reduce import dependence on China.

https://www.business-standard.com/economy/news/govt-to-monitor-not-restrict-pc-laptop-and-it-hardware-products-imports-123101901281_1.html

Centre clicks enter for online nod to IT hardware imports

India, on Thursday, launched a new online system of authorisation for import of laptops, tablets, and personal computers, aiming to monitor shipments of such hardware without hurting supply. The shift to a restriction free system comes two months after the announcement of a licensing regime for these products. Director General of Foreign Trade (DGFT) Santosh Kumar Sarangi said that the policy tweaks seek to monitor the imports of these products to ensure that they were coming from "trusted" sources. The import authorisation will remain valid till September 30, 2024.

<https://economictimes.indiatimes.com/news/economy/policy/centre-clicks-enter-for-online-nod-to-it-hardware-imports/articleshow/104564363.cms>

India pushes back against Russia demands to pay for oil in yuan

India is rejecting pressure from Russian oil suppliers to pay for crude imports in the Chinese currency as tensions between New Delhi and Beijing continue to simmer. Some Russian oil suppliers are demanding payment in yuan, according to a senior Indian official directly involved in the negotiations and another senior person at a state-owned oil refiner. The two people asked not to be identified as the discussions are private.

<https://economictimes.indiatimes.com/industry/energy/oil-gas/india-pushes-back-against-russia-demands-to-pay-for-oil-in-yuan/articleshow/104569606.cms>

Maharashtra to ban export of molasses in 2023-24 to ensure supplies for alcohol and ethanol

Maharashtra government has decided to ban export of molasses, the raw material used for manufacturing potable alcohol, which is an important source of revenue for the state government, in the 2022-23 sugarcane crushing season. The state is expecting a fall of 15% in the sugarcane production. The sugar industry, which is regulated by the Sugarcane Control Order, cannot begin the sugar production before the official date commencing the sugar season. A committee of ministers met on Thursday to take various decisions about the 2023-24 crushing season (October-September). "The crushing season of 2023-24 would begin from November 1," said sugar commissioner Chandrakant Pulkdwar.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/maharashtra-to-ban-export-of-molasses-in-2023-24-to-ensure-supplies-for-alcohol-and-ethanol/articleshow/104560091.cms>