



October 26, 2023 – Thursday

## Economy

### Formal employment additions drop in August

New enrolments to the government's three social security schemes declined in August, suggesting slower growth in formal employment that month, provisional data released on Wednesday showed. The slowdown was much more pronounced in higher-paying jobs, as new enrolments in the Employees' Provident Fund (EPF) Scheme declined 13.3% to 925,984 in August, the lowest level so far this fiscal year, compared with 1.07 million in July. However, net subscriptions to the EPF scheme, which also counts people who have exited the workforce and those who have rejoined, were at the highest level at 1.7 million since the start of the year.

<https://economictimes.indiatimes.com/news/economy/indicators/formal-employment-additions-drop-in-august/articleshow/104707771.cms>

### NITI Aayog initiates study to develop action plan to bridge India's trade deficit with China

Government think tank NITI Aayog has initiated a study to develop a comprehensive action plan to bridge India's trade deficit with China over time and align trading strategies with emerging geopolitical situation and potential risks to safeguard supply chains. The Aayog has invited bids from consultants to lead the two studies in areas of reducing trade gap with China and boosting local manufacturing. "The centrality of China to India's supply chain in certain industries raises dependency and vulnerability of the Indian supply chains and production networks particularly during crisis situations such as the COVID-19 and geopolitical conflicts.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/niti-aayog-initiates-study-to-develop-action-plan-to-bridge-indias-trade-deficit-with-china/articleshow/104695895.cms>

### Women an important piece to achieve 8% growth: Barclays study

Women need to account for over half the new jobs created by 2030 for India to achieve an 8% growth rate, a new Barclays study said Wednesday. The female labour force participation would have to rise six percentage points to 43.4% from 37% in 2022-23 for growth to jump from 6-6.5%, Barclays economists stated. "Of the roughly 108 million estimated increase in the labour force, around 55 million (~50%) would have to come from women, which implies only a partial convergence of male-to-female jobs ratio – that is, for every female worker, there would be 1.9 male workers in 2030, versus 2.2 currently," the report stated.

<https://economictimes.indiatimes.com/news/economy/indicators/women-an-important-piece-to-achieve-8-growth-barclays-study/articleshow/104701361.cms>

## Banking and Finance

### RBI mandates min 2 WTDs in private, foreign banks to bolster governance

In a move to strengthen governance in private sector banks and wholly-owned subsidiaries of foreign banks, the Reserve Bank of India (RBI) on Wednesday directed them to have at least two wholetime directors. Lenders that do

not meet the requirement will have to submit the names for the RBI's approval within four months. Banks need prior approval from the banking regulator for the appointment of whole-time directors.

[https://www.business-standard.com/finance/news/rbi-mandates-min-2-wtds-in-private-foreign-banks-to-bolster-governance-123102500855\\_1.html](https://www.business-standard.com/finance/news/rbi-mandates-min-2-wtds-in-private-foreign-banks-to-bolster-governance-123102500855_1.html)

#### **Central Bank Digital Currency can play important role in cross-border payment: RBI Guv**

Reserve Bank Governor Shaktikanta Das has said that the Central Bank Digital Currency (CBDC), which is being promoted by the central bank, can play an important role in cross-border payments without much difficulty. The Reserve Bank, he said, has undertaken pilot projects with regard to promotion of the CBDC and the results have been "excellent". The CBDC as a pilot was introduced in the wholesale and retail segments and will now be extended to overnight money markets. "The learning has been excellent and more than what it was one year ago. We are even more convinced that CBDC can prove to be the most effective and efficient mode for cross-border payments in particular, other than of course domestic transactions. And this is not something which is very difficult," he said at an interaction at IMF Governor Talks at Marrakesh, Morocco early this month.

<https://economictimes.indiatimes.com/news/economy/policy/central-bank-digital-currency-can-play-important-role-in-cross-border-payment-rbi-guv/articleshow/104706717.cms>

#### **PSBs told to speed up sale of defaulters' properties**

About half a million properties in the possession of state-owned lenders will be up for sale soon on an advanced property auction platform that can be accessed through a mobile app. The finance ministry has asked state-owned banks to speed up the creation of the proposed platform and app, according to officials. State-owned banks regularly issue advertisements listing properties for sale, typically those that have been seized because loans went bad. But the ads usually fly well below the radar of the public. That's set to change.

<https://economictimes.indiatimes.com/news/economy/finance/psbs-told-to-speed-up-sale-of-defaulters-properties/articleshow/104707773.cms>

#### **RBI unlikely to hike rates in response to weaker currency: Nomura**

The Reserve Bank of India is unlikely to increase the policy rate in response to a weaker currency, as has been done by the Bank of Indonesia, said Nomura economists in a research note on Friday. The global financial services group attached a 25% likelihood of rate hikes in the next six months if global financial conditions tightened further and geopolitical risks arose, with RBI using its foreign exchange reserves as the first line of defence. "We believe the bar for the RBI to hike policy repo rates in response to a weaker currency is high, because it is primarily a flexible inflation targeting central bank, and it will use other tools to mitigate risks," said Nomura economists Sonal Varma and Aurodeep Nandi.

<https://economictimes.indiatimes.com/news/economy/policy/rbi-unlikely-to-hike-rates-in-response-to-weaker-currency-nomura/articleshow/104701996.cms>

#### **EPFO's investible corpus crosses Rs 21 tn in FY23, ETF investments at 9.2%**

The total amount in the investment corpus of the Employee Provident Fund Organisation (EPFO) grew by 16.7 per cent in FY23 to Rs 21.3 trillion from Rs 18.3 trillion in FY22, the draft annual report of the retirement fund body accessed by the Business Standard showed. The total investible corpus under the social security organisation has nearly doubled in the past five years. Earlier in FY19, the total corpus had stood at Rs 11.1 trillion.

[https://www.business-standard.com/economy/news/epfo-s-investible-corpus-crosses-rs-21-tn-in-fy23-etf-investments-at-9-2-123102501195\\_1.html](https://www.business-standard.com/economy/news/epfo-s-investible-corpus-crosses-rs-21-tn-in-fy23-etf-investments-at-9-2-123102501195_1.html)

#### **India emerges as AIIB's top market for funding infrastructure projects**

Given the sheer size of infrastructure development taking place across the country, India has emerged as the biggest project funding market for the Asian Infrastructure Investment Bank (AIIB), a top bank official said on Wednesday. Stating that financing of a lot more new infrastructure projects is under discussion for next year, AIIB South Asia Director General Rajat Misra said, Lending to India will continue to grow as the bank balance sheet will also grow.

[https://www.business-standard.com/economy/news/india-emerges-as-aiib-s-top-market-for-funding-infrastructure-projects-123102500523\\_1.html](https://www.business-standard.com/economy/news/india-emerges-as-aiib-s-top-market-for-funding-infrastructure-projects-123102500523_1.html)

### **India to replace “Google tax” with OECD 2-pillar solution from FY26**

India is “most likely” to adopt the Organisation of Economic Co-operation and Development’s (OECD) Pillar-One and Pillar-Two tax package and bring it into effect from April 2025, a government official told FE on the condition of anonymity. “Once India implements the two-pillar tax package, it will have to withdraw the equalisation levy (EL), which earned the government a revenue of about Rs 5,000 crore in 2022-23,” the official said. “The revenue to be earned post the adoption the two-pillar tax package in April 2025 could be much lower at the initial stage,” he added.

<https://www.financialexpress.com/policy/economy-india-to-replace-google-tax-with-oecd-2-pillar-solution-from-fy26-3285476/>

## **Industry**

### **Cabinet approves MoC between India, Japan for semiconductor development**

The Union Cabinet chaired by Prime Minister Narendra Modi was apprised of a Memorandum of Cooperation (MoC) signed in July, 2023 between the Ministry of Electronics and Information Technology (MeitY) of India and the Ministry of Economy, Trade and Industry (METI) of Japan on Japan-India semiconductor supply-chain partnership. The MoC intends to strengthen cooperation between India and Japan towards enhancement of the semiconductor supply chain, recognising the importance of semiconductors for the advancement of industries and digital technologies, said the Cabinet in a press release.

[https://www.business-standard.com/economy/news/cabinet-approves-moc-between-india-japan-for-semiconductor-development-123102500626\\_1.html](https://www.business-standard.com/economy/news/cabinet-approves-moc-between-india-japan-for-semiconductor-development-123102500626_1.html)

### **Indian steel output jumps 18.2% in Sept amidst a drop in global production**

Indian steel output rose 18.2 per cent in September 2023 even as the global steel output took a small hit. Global crude steel production decreased 1.5 per cent in September 2023 to 149.3 million tonnes (mt) against 151.7 mt in the corresponding period a year ago. For the January-September period, production in the 63 nations that account for 97 per cent of world steel output was pegged at 1,406.4 mt, up 0.1 per cent. India reported a steep 18.2 per cent rise in production at 11.6 mt. Overall, for the January-September period, India’s steel output increased by 11.6 per cent at 104.1 mt.

<https://www.thehindubusinessline.com/markets/commodities/indian-steel-output-jumps-182-in-sept-amidst-a-drop-in-global-production/article67456792.ece>

### **Polished diamond rates crack 35% in a month to touch 2004 levels**

Prices of certified polished diamonds have fallen month-on-month by a whopping 35% during Dussehra compared to last year’s Navratri-Dussehra period. The drop has now reached a level where certain categories of diamonds have touched 2004 prices. A combination of factors like the Russia-Ukraine war, recession in the US and China, and the growing popularity of labgrown diamonds have led to fall in prices of polished diamonds. The Indian diamond trade that cuts and polishes 9 out of 10 diamonds available in the world has inventory in hand it wants to sell off in the domestic market at a lower price, giving a chance to Indian buyers to own bigger diamonds at a lower price.

<https://economictimes.indiatimes.com/industry/cons-products/fashion/-/cosmetics/-/jewellery/polished-diamond-rates-crack-35-in-a-month-to-touch-2004-levels/articleshow/104706963.cms>

## **Agriculture**

### **Centre approves Rs 22,303 cr subsidy on P&K fertilizers for rabi season**

The Union Cabinet on Wednesday revised the per kilogramme subsidy under the nutrient-based regime, lowering it for nitrogen, phosphorus, potassium, and sulphur for the October-March period compared to the April-September period. The cost to the exchequer is estimated at Rs 22,303 crore. Between first half of FY-24 and October to March

period, the per kilogram subsidy on nitrogen(N) has gone down by 38 per cent, phosphorus(P) by 49 per cent, potassium(K) by 84 per cent and sulphur (S) by 32.5 per cent (see chart).

[https://www.business-standard.com/economy/news/centre-approves-rs-22-303-cr-subsidy-on-p-k-fertilizers-for-rabi-season-123102501031\\_1.html](https://www.business-standard.com/economy/news/centre-approves-rs-22-303-cr-subsidy-on-p-k-fertilizers-for-rabi-season-123102501031_1.html)

## Infrastructure

### PM Modi to launch development projects in Maharashtra, inaugurate National Games in Goa

Prime Minister Narendra Modi will on Thursday launch a scheme in Maharashtra aimed at benefitting over 86 lakh farmers and launch projects worth over Rs 7,500 crore and then travel to Goa to inaugurate the 37th National Games. An official statement said Modi will begin his Maharashtra tour by offering prayers at the famous Shri Saibaba temple in Shirdi and inaugurate its new "darshan queue complex". He will perform "Jal Pujan" of Nilwande Dam and dedicate a canal network of the dam to the nation and later attend a public programme in Shirdi to inaugurate and lay the foundation stone of multiple development projects worth about Rs 7,500 crore in sectors like health, rail, road and oil and gas.

<https://economictimes.indiatimes.com/news/economy/infrastructure/pm-modi-to-launch-development-projects-in-maharashtra-inaugurate-national-games-in-go/aarticleshow/104691145.cms>

### ADB approves \$ 400 mn loan to support govt's urban reform agenda

The Asian Development Bank (ADB) has approved a \$ 400 million loan to support the Indian government's urban reform agenda for creating high-quality urban infrastructure and efficient governance systems. The programme also envisages integrated urban planning reforms to control urban sprawls and foster systemic and planned urbanisation through enhancing the entire ecosystem of legal, regulatory, and institutional reforms along with capacity building of ULBs and community awareness, ADB said.

[https://www.business-standard.com/economy/news/adb-approves-400-mn-loan-to-support-govt-s-urban-reform-agenda-123102500618\\_1.html](https://www.business-standard.com/economy/news/adb-approves-400-mn-loan-to-support-govt-s-urban-reform-agenda-123102500618_1.html)

### Steel crash barriers may make (high)way for cheaper bamboo

India is looking to replace steel crash barriers on highways with bamboo, to make them safer while bringing down overall construction cost. The technology, patented in India and benchmarked to the European Safety Standards, is expected to give a significant push to the green economy and bring down the cost of construction of highways by up to 20%.

<https://economictimes.indiatimes.com/industry/transportation/roadways/steel-crash-barriers-may-make-highway-for-cheaper-bamboo/aarticleshow/104707823.cms>

### Industrial, logistics sector account for record real-estate leasing in top 8 cities: report

The industrial and logistics (I&L) sector across the top eight cities is expected to record a five-year high in absorption of real estate space, at 36–38 million sq ft, by the end of 2023, according to commercial real estate services provider CBRE. Leasing in the I&L sector grew 13 per year-over-year during the January to September 2023 period. Total absorption across the top eight cities stood at 27.3 million sq ft, compared to 24.2 million sq ft a year ago. Mumbai, Chennai, and Delhi-NCR collectively accounted for 56 per cent of the leasing activity. During this period, third-party logistics players dominated leasing with a 45 per cent share, followed by engineering and manufacturing companies (15 per cent), auto and ancillary (7 per cent), FMCG (6 per cent), and electronics and electrical (5 per cent). Meanwhile, supply addition, at 28 million sq ft, recorded a 57 per cent y-o-y increase. Delhi-NCR, Chennai, and Kolkata collectively contributed 56 per cent of the supply addition.

<https://www.thehindubusinessline.com/news/real-estate/industrial-logistics-sector-account-for-record-real-estate-leasing-in-top-8-cities-report/article67456671.ece>

## Energy

### Centre extends mandate on coal import; blending to continue till March 2024

The Centre has extended two mandates, which are aimed at increasing coal imports into the country.

In two separate notices, the Union power ministry has directed imported coal-based (ICB) units to run till June 2024 and all power generating companies to import coal up to 6 per cent of their requirements till March 2024. The ministry has cited rising power demand and lack of optimum domestic coal supply as the reasons for this. The ministry has invoked Section 11 of the Electricity Act, 2003, again to direct all the ICBs with a cumulative capacity of 17 Gigawatt (Gw) to operate and generate power to their full capacity.

[https://www.business-standard.com/industry/news/centre-extends-mandate-on-coal-import-blending-to-continue-till-march-2024-123102501107\\_1.html](https://www.business-standard.com/industry/news/centre-extends-mandate-on-coal-import-blending-to-continue-till-march-2024-123102501107_1.html)

## External

### India, Saudi Arabia commerce ministers discuss ways to promote trade ties

Commerce and Industry Minister Piyush Goyal on Wednesday held discussions with his Saudi Arabian counterpart Majid bin Abdullah AlKassabi on ways to further promote trade ties between the two countries. Goyal was in Riyadh for two days to attend the seventh edition of Future Investment Initiative (FII). "Discussed how the robust India-Saudi trade ties can be further scaled to make global supply chains more resilient," Goyal said on social platform X.

[https://www.business-standard.com/economy/news/india-saudi-arabia-commerce-ministers-discuss-ways-to-promote-trade-ties-123102500954\\_1.html](https://www.business-standard.com/economy/news/india-saudi-arabia-commerce-ministers-discuss-ways-to-promote-trade-ties-123102500954_1.html)

### India criticises safeguard measures on steel import by EU, UK at WTO meet

Certain WTO countries, including India, Switzerland, Russia, and Japan, have criticised the safeguard measures imposed by the EU and the UK on imports of certain steel products, stating it is inconsistent with global trade rules, an official said. The comments were made by these countries during the meeting of World Trade Organisation's (WTO's) Safeguards Committee on Wednesday.

[https://www.business-standard.com/economy/news/india-criticises-safeguard-measures-on-steel-import-by-eu-uk-at-wto-meet-123102501264\\_1.html](https://www.business-standard.com/economy/news/india-criticises-safeguard-measures-on-steel-import-by-eu-uk-at-wto-meet-123102501264_1.html)

### Ireland wants to further deepen its strong economic, cultural ties with India

The Irish government wants to further deepen its strong economic and cultural relationship with India as part of its renewed Asia Pacific strategy launched this week, Deputy Prime Minister Micheal Martin has said. Ireland's Asia Pacific Strategy had a target of EUROS 100 billion in trade with the region by 2025, which has been exceeded two years ahead of time. "We have a strong economic relationship but also a strong cultural relationship (with India)," Martin told reporters in Dublin on Tuesday. "We want to deepen that and we're launching our Asia Pacific strategy to support our continued ambitions to expand across Asia Pacific, which will fuel economic growth into the future across the world," Martin, also Ireland's Minister for Foreign Affairs and Minister for Defence, said.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/ireland-wants-to-further-deepen-its-strong-economic-cultural-ties-with-india/articleshow/104691948.cms>