



November 24, 2023 – Friday

Economy

New Finance Commission may tweak formula; SDGs, climate could get more weight

The government is likely to ask the next Finance Commission to consider a higher weight for the human development index (HDI) and sustainable development goals (SDGs) while recommending the distribution of resources among states. It may also ask the commission to weave in climate goals in its formula. The government is currently finalising the terms of reference for the 16th Finance Commission, which is likely to be set up shortly. The commission may also be asked to look at the conditions attached to fiscal transfers to urban and rural local bodies, to ensure that the funds are effectively utilised, a senior official aware of the discussions told ET.

<https://economictimes.indiatimes.com/news/economy/finance/new-finance-commission-may-tweak-formula-sdgs-climate-could-get-more-weight/articleshow/105457849.cms>

Urban consumption likely to propel India's GDP growth in July-September

The Indian economy is likely to post better than anticipated growth in the second quarter (July-September) owing to robust urban consumption and expansion in services, a Business Standard analysis of high-frequency indicators showed. While gross domestic product growth in the September quarter is expected to come below the 7.8 per cent print in the June quarter due to a favourable base fading, analysts say the print will be much closer to 7 per cent than the 6.5 per cent anticipated earlier.

https://www.business-standard.com/economy/news/robust-urban-consumption-likely-to-propel-india-s-gdp-growth-in-q2-123112301159_1.html

Banking and Finance

RBI's move on unsecured consumer credit to constrain loan growth in the segment: Report

The Reserve Bank of India's recent decision that require banks and non-bank financial institutions to allocate more capital against unsecured consumer credit will constrain loan growth in the segment, according to a report. This should also reduce the potential for the rising appetite for such lending to weaken financial system stability, a report by Fitch Ratings said on Thursday. "We generally view the tightening as a credit-positive effort by authorities to control emergent systemic risks posed by consumer credit, which has increased rapidly in recent years off a relatively low base," it said. Growth in banks' unsecured credit card loans and personal loans in the first half of the current financial year stood at 29.9 per cent and 25.5 per cent year-on-year, respectively.

<https://economictimes.indiatimes.com/news/economy/policy/rbis-move-on-unsecured-consumer-credit-to-constrain-loan-growth-in-the-segment-report/articleshow/105451852.cms>

Banking liquidity deficit at 5-yr high, to narrow next week: Economists

India's banking system liquidity deficit widened on Tuesday to the highest in nearly five years on monthly goods and services tax payments, but economists are hopeful the gap will narrow next week. The liquidity deficit - the amount of funds banks need to borrow from the interbank market or from the central bank - stood at 1.74 trillion rupees (\$20.90 billion) on Tuesday, according to data from Reserve Bank of India (RBI). The deficit was the highest since Dec. 26, 2018, when it had hit 1.86 trillion rupees, according to economists.

https://www.business-standard.com/economy/news/banking-liquidity-deficit-at-5-yr-high-to-narrow-next-week-economists-123112200684_1.html

Private insurers gain market share in H1

Public sector general insurance companies continued to lose market share to private sector peers in the first half of the current financial year. In the first half, general insurance industry grew 14.86% to ₹1,43,802 crore. The public sector companies had a combined market share of 31.99% down from 32.76%, growing at 12.16%. Meanwhile, private insurers grew the combined market share to 53.58% up from 50.81%, with a growth rate of 21.13%. Among the business segments, health insurance emerged as a leading segment for general insurance companies in the first-half contributing 37.57% to the total premium income.

<https://economictimes.indiatimes.com/industry/banking/finance/insure/private-insurers-gain-market-share-in-h1/articleshow/105454345.cms>

Industry

India Inc capital expenditure growth enters slow lane in first half of FY24

The slowdown in corporate revenue growth over the last one year has begun to reflect in India Inc's capital expenditure, or capex. The country's top listed companies are going slow on fresh investment in capacity expansion, in line with a deceleration in their top-line growth. The combined fixed assets of the listed companies, excluding banking, finance services and insurance (BFSI) and the government-owned oil & gas firms, were up 10.1 per cent year-on-year (Y-o-Y) during April-September 2023 (H1FY24) – the slowest in 18 months – as against 21.1 per cent Y-o-Y growth in H2FY23 (October 2022-March 2023) and 11.6 per cent growth in the April-September 2022 period (H1FY23).

https://www.business-standard.com/economy/news/india-inc-s-capital-expenditure-growth-slips-in-first-half-of-fy24-123112301188_1.html

Cement prices moderate in November as demand slows during festive period

Cement prices have corrected across most regions by an average of 2% in November as demand slowed down amid the festive season and elections in some states, dealers said. This comes on the back of sharp - up to 20% - rise in prices and steady demand in September and October, following patchy rains. The demand for cement is usually muted in monsoon months. Some moderation in prices was expected as the previously taken price increases had impacted demand negatively, said dealers. Prices, though, are currently around 5% higher than the average in the September quarter, and are expected to pick up again in December, they said.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/cement/cement-prices-moderate-in-november-as-demand-slows-during-festive-period/articleshow/105454799.cms>

Panel for incentivising local production of mining gear

An inter-disciplinary committee, comprising officials from Coal India Ltd, railway ministry, heavy industries ministry, NLC India Ltd, NTPC Ltd, among other stakeholders, has recommended encouraging domestic manufacturing of mining equipment through incentive schemes, standardisation and specific tendering clauses. This gains focus as coal is expected to remain as the predominant energy source beyond 2030 as well. The committee expects a huge requirement of equipment in the next 10 years. The committee also had representatives from Singareni Collieries Company Ltd, West Bengal Power Development Corporation Ltd, Bharat Earth Movers Ltd, Caterpillar India Pvt Ltd, Tata Hitachi, Gainwell India and industry associations, according to a government release.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/metals-mining/panel-for-incentivising-local-production-of-mining-gear/articleshow/105454493.cms>

FADA wants banks to stop overfunding auto dealers with high inventory

To reduce the passenger vehicle inventory stocks, the Federation of Automobile Dealers Associations (FADA) will approach financiers urging them not to overfund automobile dealers. Citing dealers not being able to make a profit with inventories going beyond 30 days, the body will ask the financiers to check the dealer inventories before releasing funds. "We are approaching bankers who provide us inventory funding to not overfund us. If a dealer is

carrying high inventory, why provide funds as they are not able to rotate the stock in 60 days? It is a high cost to the dealers. We are also in talks with the manufacturing body for inventory corrections," Manish Raj Singhanian, President - FADA, told businessline.

<https://www.thehindubusinessline.com/money-and-banking/fada-wants-banks-to-stop-overfunding-auto-dealers-with-high-inventory/article67565298.ece>

Agriculture

Govt offloads 4 MT of wheat in open market from its surplus stock

The government has so far offloaded 3.9 million tonne (MT) of wheat under the open market sale scheme (OMSS) by the Food Corporation of India (FCI) to bulk buyers this fiscal. On Wednesday, the corporation sold 0.28 MT of wheat in the weekly e-auction which commenced in June, against 0.3 MT offered on sale for the flour millers and processors. The government is aiming to sell 10 MT of wheat through OMSS till March 31, 2024 to boost domestic supplies.

<https://www.financialexpress.com/policy/economy-govt-offloads-4-mt-of-wheat-in-open-market-from-its-surplus-stock-3314596/>

Mandi prices of most kharif crops above MSP on robust demand

As arrivals have picked up, prices of kharif crops namely tur, maize, soybean, groundnut and cotton are ruling above minimum support price (MSP) by 3-68% at the agricultural produce marketing committee (APMC) yards across the country. Officials said that prices are ruling above MSP for these pulses and oilseeds because of robust demand and domestic shortfall in the production. They said the government is aiming to increase domestic supplies of pulses varieties and oilseeds through a liberalised imports regime.

<https://www.financialexpress.com/policy/economy-mandi-prices-of-most-kharif-crops-above-msp-on-robust-demand-3314571/>

Energy

India's October crude oil imports rise after four months of declines

India's crude oil imports rose in October, after falling in the previous four months, as the world's third biggest oil importer and consumer shipped in more fuel to meet winter demand, Petroleum Planning and Analysis Cell (PPAC) data showed on Thursday. Crude imports in October rose 5.9% month-on-month to 18.53 million metric tons, rebounding from a one-year low in September.

https://www.business-standard.com/economy/news/india-s-october-crude-oil-imports-rise-after-four-months-of-declines-123112300860_1.html

Mining rules update to allow companies to explore a block and bid for it

The government will soon allow entities conducting exploration of mineral blocks to bid for mining the same blocks, said officials. It is set to notify new mining rules which seek to encourage large mining companies to actively explore minerals in the country, they said. Once approved, these changes in mining rules will allow companies to both explore a block and bid for it. "This will prompt large players to undertake exploration activity which so far has seen muted interest," said one of the officials, who did not wish to be identified.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/metals-mining/mining-rules-update-to-allow-companies-to-explore-a-block-and-bid-for-it/articleshow/105454405.cms>

Coal India's e-auction volume projected to double in H2FY'24

Coal India is likely to e-auction approximately 60 million tonnes of coal in the second half of the current fiscal year, according to estimates indicated by the management. This represents a significant increase from the 32 million tonnes sold in the first two quarters of the year, officials said. Coal India informed analysts that it aims to sell 15% of its production in the second half of the current fiscal (September 2023-March 2024) through e-auctions, which currently command a premium of around 90% over the Fuel Supply Agreement (FSA) price.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/metals-mining/coal-indias-e-auction-volume-projected-to-double-in-h2fy24/articleshow/105452802.cms>

Telecom

Rajasthan scheme helps boost Vodafone Idea's 4G user base in Q2

Vodafone Idea's expansion of 4G subscriber base by 1.8 million in the July-September period - its highest in the last eight quarters - was largely due to the company's participation in a Rajasthan government scheme to provide free smartphones and mobile connections to some 2.5 million potential female voters. This strong growth in subscribers helped Vi report its lowest-ever quarterly decline (of 1.6 million) in user base since the Vodafone India-Idea Cellular merger in August 2018, as per company data. Vi's 4G user base grew to 124.7 million in the September quarter. A top Rajasthan government official confirmed that Vi provided majority of the mobile connections under the state's Indira Gandhi Smartphone Yojana (IGSY) initiative, with the remaining coming from state-run Bharat Sanchar Nigam (BSNL).

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/rajasthan-scheme-helps-boost-vodafone-ideas-4g-user-base-in-q2/articleshow/105454231.cms>

External

Netherlands to Saudi Arabia: India's key export hubs witness high growth

India's exports to countries such as the Netherlands, Saudi Arabia, Brazil, and Indonesia have witnessed consistent growth during the past five years (2018-19 through 2022-23) and are set to emerge as major growth destinations for the country's outbound shipments, according to a report prepared by the PHD Chamber of Commerce and Industry. These countries have showcased a high average growth rate with India, even amidst the global economic slowdown. Overall, the top 10 highly growing export destinations include Togo (73 per cent), the Netherlands (36 per cent), Brazil (28 per cent), Israel (27 per cent), Indonesia (24 per cent), Türkiye (22 per cent), Australia (20 per cent), South Africa (19 per cent), Saudi Arabia (16 per cent), and Belgium (13 per cent).

https://www.business-standard.com/economy/news/india-s-exports-surge-in-5-years-to-netherlands-saudi-arabia-brazil-123112301005_1.html

Govt curtails palm oil imports over rising prices, negative margins

Indian buyers curtailed purchases of palm oil for December and January shipments due to rising prices and as refiners face negative margins after making heavy imports in the past few months, industry officials told Reuters on Thursday. Lower purchases by the world's biggest importer of vegetable oils could lead to higher stocks of palm oil in key producers Indonesia and Malaysia, weighing on benchmark futures which are trading near their highest in level in two months.

https://www.business-standard.com/industry/news/govt-curtails-palm-oil-imports-over-rising-prices-negative-margins-123112300566_1.html

Plastic exports grew 9.4% to \$933 mn in Oct on festive demand: Plexconcil

Plastic exports grew 9.4 per cent year-on-year to USD 933 million as the raw material prices declined and festive demand in key markets increased, Plexconcil said on Thursday. The country's plastic exports stood at USD 852 million in October 2022, industry body Plastics Export Promotion Council (Plexconcil) said in a statement. The country's plastic exports stood at USD 852 million in October 2022, industry body Plastics Export Promotion Council (Plexconcil) said in a statement. "We are very pleased to see a positive movement in exports of most of the product segments in October. There is an increase in demand following the festival season in the key markets.

https://www.business-standard.com/industry/news/plastic-exports-grew-9-4-to-933-mn-in-oct-on-festive-demand-plexconcil-123112301210_1.html

Paper imports surge 43% in Apr-Sept this year on higher shipments from ASEAN

Paper imports into India surged by 43 per cent in volume terms in the first half of 2023-24, fueled by a more than two-fold jump in imports from ASEAN countries, according to official data. The Directorate General of Commercial Intelligence and Statistics (DGCIS) data showed that imports of paper and paperboard jumped to 959,000 tonnes in April-September 2023-24 from 672,000 tonnes in the first half of FY2022-23. Imports from ASEAN countries shot up

from 81,000 tonnes in the first half of FY23 to 288,000 tonnes in the first half of FY24. Imports from China were almost flat at 186,400 tonnes in the period under review. In value terms, total paper imports rose to Rs 6,481 crore in April-September 2023-24 from Rs 5,897 crore in the year-ago period.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/paper/-/wood-/glass-/plastic/-marbles/paper-imports-surge-43-in-apr-sept-this-year-on-higher-shipments-from-asean/articleshow/105449539.cms>

DGFT, Amazon ink MoU to promote MSMEs' ecommerce exports

The commerce and industry ministry on Thursday inked a Memorandum of Understanding with e-commerce major Amazon to provide training to micro, small and medium enterprises (MSME) in 20 identified districts to promote exports through e-commerce. As part of the MoU, Amazon and Directorate General of Foreign Trade (DGFT) will co-create capacity building sessions, training and workshops for MSMEs in districts identified by the DGFT as part of the 'District as Exports Hub' initiative outlined in the Foreign Trade Policy 2023, in a phased manner. Amazon will provide training by making digital catalogues and tax-related issues, among other services.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/dgft-amazon-ink-mou-to-promote-msmes-ecommerce-exports/articleshow/105450496.cms>