



December 12, 2023 – Tuesday

Economy

Inflation now stable, temporary rises due to demand-supply mismatches: FM

Finance Minister Nirmala Sitharaman on Monday said retail inflation is now "stable" and temporary increases in inflation on a few occasions are caused by demand-supply mismatches arising out of global shocks and adverse weather conditions. In a written reply to the Lok Sabha, Sitharaman said India's retail inflation has declined from an average of 7.1 per cent in April-October 2022 to 5.4 per cent in the corresponding period of 2023.

https://www.business-standard.com/economy/news/inflation-now-stable-temporary-rises-due-to-demand-supply-mismatches-fm-123121100719_1.html

India planning to move from WPI to PPI in future like most G20 nations'

India is planning to move from the Wholesale Price Index to Producer Price Index (PPI) in future as most of the G20 countries follow this practice, an official said. The official said that the National Statistical Commission (NSC) is examining the working group report on the roadmap for introducing the PPI and their recommendations are awaited. "It is with Statistical Commission, so we will wait for the panel recommendation," the official, who did not wish to be named, said. When asked about the future plan on this, the government official said: "Initially, we will probably go with both (WPI and PPI) and after a few years, we may phase out WPI, because we are one of the few countries among G20 which still have WPI. All other including China use PPI".

https://www.business-standard.com/economy/news/india-planning-to-move-from-wpi-to-ppi-in-future-like-most-g20-nations-123121101101_1.html

India's GDP growth may slow down to 6.5% in FY25: Axis Bank report

India's gross domestic product (GDP) growth, despite a positive revision for the financial year (FY) 2024, is expected to slow down in FY 2025 due to escalating global challenges, according to a report by Axis Bank. Chief economist Neelkanth Mishra stated that India's real GDP growth is projected to ease to 6.5 per cent in FY 2025. One of the key highlights of the no-action policy on Friday was the sharp revision of the GDP growth for the current financial year, which is now projected at 7 per cent as compared to 6.5 per cent earlier.

https://www.business-standard.com/economy/news/india-s-gdp-growth-may-slow-down-to-6-5-in-fy25-axis-bank-report-123121101021_1.html

Banking and Finance

Little stress on home loan repayment despite higher interest rates

The housing finance sector has seen improvement in asset quality despite a sharp rise in interest rates over the past one-and-a-half years, with rising income levels helping offset higher monthly instalments. There are no signs of stress also from an affordability point of view with rise in housing prices and higher interest rates, according to industry veterans and analysts tracking sector. While these are floating-rate loans, the impact on the borrower is through tenor extension rather than an increase in EMI (equated monthly instalments), which would probably help explain a lower delinquency in the portfolio, Kotak Institutional Equities said in a note.

<https://economictimes.indiatimes.com/news/economy/indicators/little-stress-on-home-loan-repayment-despite-higher-interest-rates/articleshow/105910681.cms>

States should look at asset sales in infra sector to bolster revenues: RBI Report

States' finances improved in FY23, and there is a need to look at asset monetisation to help garner non-tax revenues, a Reserve Bank report said on Monday. In the report on state budgets, which is done annually, the Reserve Bank said road, transport and power sectors hold considerable potential where the states can undertake asset sales. "States need to scale up their initiatives for asset monetisation in order to increase non-tax revenue. The monetisation of assets unlocks their value, eliminates their holding cost and enables scarce public funds to be deployed into new projects, thus fast-tracking new infrastructure creation," the report recommended.

<https://economictimes.indiatimes.com/news/economy/indicators/states-should-look-at-asset-sales-in-infra-sector-to-bolster-revenues-rbi-report/articleshow/105910920.cms>

Loans worth Rs 9,790 crore disbursed to street vendors under PM SVANidhi scheme: Government in Rajya Sabha

A total of Rs 9,790 crore worth of loans have been disbursed so far to beneficiaries of the PM Street Vendor's AtmaNirbhar Nidhi (PM SVANidhi) scheme, the government said in the Rajya Sabha on Monday. The scheme was launched during the COVID-19 outbreak as a micro-credit scheme for urban street vendors that aims to provide collateral-free working capital loans up to Rs 50,000. "This scheme is available pan-India in all urban local bodies," Union Housing and Urban Affairs Minister Hardeep Singh Puri said while replying to a supplementary question. All street vendors in urban areas are eligible for benefits under the PM SVANidhi Scheme, irrespective of the date on which they started vending.

<https://economictimes.indiatimes.com/news/economy/finance/loans-worth-rs-9790-crore-disbursed-to-street-vendors-under-pm-svanidhi-scheme-government-in-rajya-sabha/articleshow/105904085.cms>

Industry

FAME-III outlay likely to be modest, value-addition riders likely

The Budgetary outlay for the third edition of the Centre's flagship Faster Adoption and Manufacturing of Electric Vehicles scheme (FAME-III) is likely to be lower than Rs 10,000 crore earmarked for the current version (FAME-II), according to official sources. The incentives under FAME-III will also be subject to domestic value addition (DVA) targets. According to sources, FAME-III allocation is being decided, taking into account the incentives being given to investors under the auto and battery production-linked incentive (PLI) schemes. According to sources, FAME-III allocation is being decided, taking into account the incentives being given to investors under the auto and battery production-linked incentive (PLI) schemes.

<https://www.financialexpress.com/business/express-mobility-fame-iii-outlay-likely-to-be-modest-value-addition-riders-likely-3334775/>

Import influx, post-festival slack in demand prompt steel price correction

An influx of imports and post-festival slack in demand in the trade segment have prompted Indian steel mills to correct prices even as global rates move up. According to market sources, steel companies have corrected the list price by 2-3 per cent for December to align with the levels at which the market was operating. A major producer said this was a correction so that the trade can compete with the imports that have come in so far.

https://www.business-standard.com/industry/news/influx-of-imports-post-festive-lull-prompt-steel-price-correction-123121000470_1.html

New schemes in works for electronics component manufacturing: MeitY Secretary

Government on Monday said that since 99 per cent local mobile phone market is being met through domestic manufacturing now, companies need to export by improving competitiveness and enhancing value addition, for next phase of growth. Government's focus is now on boosting electronics component manufacturing in the country and new scheme for the same is in works, S Krishnan, Secretary, Ministry of Electronics and IT (MeitY), said.

<https://www.thehindubusinessline.com/info-tech/new-schemes-in-works-for-electronics-component-manufacturing-meity-secretary/article67627570.ece>

MSMEs' share in exports 45.56% till Sept'23: Govt to Parliament

The share of export of micro, small and medium enterprises (MSME) specified products in all India exports was 45.56% in April-September 2023, Parliament was informed Monday. The share was 43.59% in FY23 and 45.03% in FY22. It was 49.35% in 2020-21 and 49.77% in 2019-20. Bhanu Pratap Singh Verma, minister of state for MSME also told the Rajya Sabha that the share of MSME manufacturing gross value added (GVA) in all India manufacturing GVA was 40.83% in FY22 from 40.3% in FY21.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/msmes-share-in-exports-45-56-till-sept23-govt-to-parliament/articleshow/105906442.cms>

Agriculture

Govt's wheat stocks may fall below buffer by April

After the government's move to sell more quantities of wheat in the open market to curb rise in prices, the stocks held with the Food Corporation of India (FCI) may fall below the buffer requirement by the beginning of next fiscal. Official sources told FE that with an additional allocation of 2.5 million tonne (MT) besides 10 MT of wheat approved for calibrated release under the open market sale scheme (OMSS) in the current fiscal, the grain stock with FCI could fall below the buffer of 7.48 MT by April 1.

<https://www.financialexpress.com/policy/economy-govts-wheat-stocks-may-fall-below-buffer-by-april-3334738/>

Kharif onion production to be less than last year: Consumer Affairs secretary

The production of kharif onion will be slightly lower than last year's 28.6 LMT, said Rohit Kumar Singh, secretary, Ministry of Consumer Affairs on Monday adding that the government will procure 2 lakh tonnes of onions in addition to the 5 lakh tonnes it already has for its own buffer to stabilize prices of the kitchen essential. The empowered group of ministers have allowed us to import an additional 2 lakh tonnes of onions from farmers, said Singh adding that this can be further increased if required.

<https://economictimes.indiatimes.com/news/economy/agriculture/kharif-onion-production-to-be-less-than-last-year-consumer-affairs-secretary/articleshow/105906412.cms>

India's sugar production to increase by 2.5 million tonne in 2023-24: Crisil

India's sugar production is expected to increase by ~2.5 million tonne in 2023-24 as a result of ban on use of sugarcane juice for ethanol, said ratings agency CRISIL. It has banned production of ethanol directly from sugarcane juice with immediate effect. "However, production of ethanol from B heavy molasses and C heavy molasses is still permitted. Of the total ethanol produced in the country, ethanol from cane juice accounted for 25-30% while that from B heavy molasses accounted for over about 60-65%. Ethanol from C heavy molasses and grains accounted for the rest," said CRISIL in a release.

<https://economictimes.indiatimes.com/news/economy/agriculture/indias-sugar-production-to-increase-by-2-5-million-tonne-in-2023-24-crisil/articleshow/105894724.cms>

Infrastructure

NHAI expands list of highways to be monetised in round 3 of InVIT

National Highways Authority of India (NHAI) has decided to revise the list of highway stretches on offer for monetisation in the third round through infrastructure investment trust (InVIT) and have added five more to the bundle. The addition of new stretches to the six already on offer takes the total length of highways to be monetised through the third round to 1,029 km from 580 km earlier.

<https://www.financialexpress.com/business/roadways-nhai-expands-list-of-highways-to-be-monetised-in-round-3-of-invit-3334784/>

India's domestic aviation capacity soars beyond pre-pandemic level

The growth in India's domestic aviation capacity in calendar year 2023 (CY23) was the sixth highest among 20 major domestic markets, compared to the pre-pandemic year of CY19. The domestic capacity in the country surpassed the pre-pandemic level seen in CY19 and was up 5 per cent in CY23. It trails Mexico, Columbia, China, Vietnam, and

Spain, which have shown higher growth, according to data shared in a seminar organised by global travel data provider OAG on global aviation trends in 2023.

https://www.business-standard.com/economy/news/india-comes-out-no-6-out-of-20-in-aviation-capacity-growth-since-pandemic-123121100854_1.html

States

Rajasthan trade body eyes business opportunities in the Asean region

Akhil Rajya Trade & Industry Association (ARTIA), Rajasthan, a state-based trade body, has decided to explore business opportunities in the Asean region. ARTIA's chief advisor Kamal Kandoi said that Asean countries are attracting the entire world because of their enormous business possibilities.

https://www.business-standard.com/india-news/rajasthan-trade-body-eyes-business-opportunities-in-the-asean-region-123121100837_1.html

External

India offers cut in ICT import duties to fast-track EU FTA

India has sought to settle a long-standing dispute with the European Union (EU) by offering exclusive import duty concessions for certain information technology products, under the proposed bilateral free trade agreement (FTA) with the 27-country customs-cum-monetary bloc. To address concerns on the information and communication technology (ICT) tariffs, the government is looking at limiting the benefit of the lowering of duties to the EU members. Cutting tariffs for those outside the FTA would oblige India to impose similar duties on imports of these products from all countries on a Most Favoured Nation (MFN) basis.

<https://www.financialexpress.com/policy/economy-india-proposes-to-resolve-ict-tariffs-dispute-with-eu-under-fta-3334745/>

India may buy more oil from UAE in the coming months after COP talks

India is expected to ramp up its purchase of crude oil from the United Arab Emirates (UAE) in the coming months following discussions between the two countries on the sidelines of the ongoing COP28 summit in Dubai, multiple sources in the know said. The UAE has historically been India's third-largest source of crude. It has suffered the largest drop in shipments since Indian refiners began to binge on Russian crude in 2022.

https://www.business-standard.com/economy/news/india-s-crude-oil-imports-from-uae-likely-to-rise-in-coming-months-123121000508_1.html

Govt makes it mandatory to register import of yellow peas under import monitoring system till March 2024

The government has made it mandatory to register import of yellow peas under the import monitoring system till March 31 next year, according to a notification. The move is aimed at increasing domestic availability of the commodity. From April 1, 2024, the Directorate General of Foreign Trade (DGFT) said that the restricted import policy and associated policy conditions will come into effect. "Imports of yellow peas... is free subject to registration under the import monitoring system with immediate effect for the period up to March 31, 2024. MIP (Minimum Import Price) conditions and port restrictions shall also not to be applicable to such yellow peas import for the period up to March 31, 2024," the DGFT notification has said.

<https://economictimes.indiatimes.com/news/economy/agriculture/govt-makes-it-mandatory-to-register-import-of-yellow-peas-under-import-monitoring-system-till-march-2024/articleshow/105898382.cms>

Govt extends export ban on de-oiled rice bran till March 2024

The government has extended the export ban on de-oiled rice bran, a major ingredient in preparation of cattle and poultry feed, till March 31 next year, according to a notification. It was first banned in July this year. "Export prohibition of de-oiled rice bran is extended till March 31, 2024," the directorate general of foreign trade has said in a notification. According to experts, rise of prices of the feed is one of the major reasons for increasing milk prices in the country and putting a ban on the exports can help increase availability of the product in the domestic market, thereby containing rates.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/govt-extends-export-ban-on-de-oiled-rice-bran-till-march-2024/articleshow/105895949.cms>