



December 15, 2023 – Thursday

Economy

Wholesale price index returns to inflation after seven months

Wholesale inflation turned positive in November after witnessing seven months of deflation, as a pick-up in wholesale food inflation and fading base effect turned the cycle. The Wholesale price index registered a 0.26% increase in November, compared with 0.5% deflation in October, according to data released Thursday. Experts indicate that while wholesale inflation will likely remain positive, it will stay below 2% for the remainder of the year as energy and manufacturing costs remain contained.

<https://economictimes.indiatimes.com/news/economy/indicators/wholesale-price-index-returns-to-inflation-after-seven-months/articleshow/105987439.cms>

NCAER pegs India's logistics cost between 7.8-8.9% of GDP in FY22

The logistics cost in India ranged from 7.8-8.9% of gross domestic product (GDP) in 2021-22, as per a study released by economic think-tank National Council of Applied Economic Research (NCAER) and commissioned by the Department for Promotion of Industry and Internal Trade (DPIIT). "The kind of investment that India is making in both physical and digital infrastructure...all that is creating an enabling environment where we will start getting good and credible data, on the basis of which we can do data-based planning and ultimately data based policy making as well," DPIIT secretary Rajesh Kumar Singh said while releasing the study.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/indias-logistics-cost-ranges-from-7-8-8-9-pc-of-gdp-in-fy22-ncaer-estimates/articleshow/105991230.cms>

No US Fed effect, domestic factors to guide RBI policy

The latest US Federal Reserve's statement, signalling three rate cuts next year, is unlikely to change interest rate trajectory in India with the monetary policy committee focussing on domestic factors but could nudge the central bank to revise its stance, say economists. Experts indicate that the Reserve Bank of India (RBI) may change the policy stance to 'neutral' from 'withdrawal of policy accommodation' as early as the next meeting. "There is going to be some reassessment of how emerging market central banks behave," said Abheek Barua, chief economist, HDFC Bank, indicating the RBI may change its stance to neutral in January and "cut in line with the Fed, which would be late second half or early second half of 2024 calendar".

<https://economictimes.indiatimes.com/news/economy/indicators/no-us-fed-effect-domestic-factors-to-guide-rbi-policy/articleshow/106001289.cms>

Banking and Finance

At Rs 10.6 trillion, net direct tax collection rises 23.4% in Apr-Nov

Net direct tax collection in the eight months of the current fiscal touched 58.34 per cent of Budget Estimates (BE) at Rs 10.64 trillion. The net tax collection for April-November stood at Rs 10.64 trillion, which is 23.4 per cent higher than the corresponding period of last year, the Ministry of Finance said. Gross collections, before issuing refunds, grew 17.7 per cent to Rs 12.67 trillion in the April-November period. Refunds amounting to Rs 2.03 trillion issued

from April to November of the current fiscal. Special initiative was taken for cases where refunds had failed initially and subsequently issued to validated bank accounts, the ministry said.

https://www.business-standard.com/economy/news/net-direct-tax-collection-at-rs-10-64-trn-in-apr-nov-58-34-of-be-123121401062_1.html

Sharp improvement in liquidity expected from January 2024: India Ratings

The liquidity conditions in the Indian banking system are expected to see substantial improvement from January 2024, owing to a surge in government spending ahead of the vote on account and Foreign Portfolio Investment (FPI) flows in equity markets. The liquidity surplus could touch up to Rs 50,000 crore, according to India Ratings estimates. Soumyajit Niyogi, Director, India Ratings, said the foreign portfolio investment (FPI) flows in the equity market have surged in December. The lumpy government spending and improvement in the balance of payment account will cause a sharp improvement in banking system liquidity.

https://www.business-standard.com/economy/news/sharp-improvement-in-liquidity-expected-from-january-2024-india-ratings-123121401271_1.html

Irdai proposes limit on surrender charges for non-linked plans

The Insurance Regulatory and Development Authority of India (Irdai) has released a set of draft product regulations that will force insurers to review their profit margins and rejig distributor commissions. In this draft circular, the regulator has suggested changes in surrender value rules for non-linked life insurance policies. Under the current draft Irdai regulations on non-linked insurance products, surrender values are determined based on a percentage of premiums paid by the policyholder, which increases with the number of premiums paid.

<https://economictimes.indiatimes.com/industry/banking/finance/insure/irdai-proposes-limit-on-surrender-charges-for-non-linked-plans/articleshow/106001287.cms>

Cryptocurrency adoption high in India, says IMF MD Kristalina Georgieva

The International Monetary Fund (IMF) Managing Director Kristalina Georgieva said on Thursday that cryptocurrency (crypto) asset adoption is high in countries like India, and the challenge is that high crypto asset adoption could undermine macrofinancial stability. Speaking at an international conference on digital money in Seoul, Georgieva mentioned that crypto assets can undermine monetary policy transmission of changing interest rates. They could also circumvent capital flow management measures, such as limits on foreign currency holdings, and undermine fiscal sustainability if tax collection becomes volatile or more difficult to enforce.

https://www.business-standard.com/economy/news/cryptocurrency-adoption-high-in-india-says-imf-md-kristalina-georgieva-123121401287_1.html

Industry

Commerce Ministry shares list of goods facing inverted duty structure

The commerce and industry ministry has shared a list of 13-14 products with the finance ministry that face issues related to the inverted duty structure, an official said. Inverted duty structure is a situation when inputs are taxed at higher rates than finished products, which can make domestic industry import dependent. "The ministry always shares such list of goods, where customs duties on components are higher than the finished products," said the official. The correction of such a duty structure is important as manufacturers have to pay a higher price for raw materials in terms of duty, while the finished products land at lower duty and cost.

<https://economictimes.indiatimes.com/news/economy/policy/commerce-ministry-shares-list-of-goods-facing-inverted-duty-structure/articleshow/106001447.cms>

India's e-retail market expected to reach over \$160 billion by 2028 from \$57-\$60 billion in 2023

E-retail in India is expected to scale beyond \$160 billion in value by 2028, said a report released by Bain & Company in collaboration with Flipkart. The market, it said, has experienced strong growth post-pandemic, with an estimated value of \$57-\$60 billion in 2023. This represents an annual addition of \$8-\$12 billion since 2020. "The e-retail market is poised to grow in the coming years, with online spending currently only 5-6 per cent of total retail spending in India vs 23-24 per cent in the US and +35 per cent in China, indicating massive headroom for growth," according to the fourth (2023) edition of How India Shops Online, released by Bain & Company in collaboration with Flipkart.

<https://www.financialexpress.com/business/industry-indias-e-retail-market-expected-to-reach-over-160-billion-by-2028-from-5760-billion-in-2023-3338443/>

Procurement from govt's GeM portal may reach Rs 3.5 trillion this fiscal

The procurement of goods and services from the government portal GeM is expected to touch Rs 3.5 trillion by the end of this fiscal due to higher buying activities by various ministries and departments, a senior government official said. The government e-Market (GeM) portal was launched on August 9, 2016, for online purchases of goods and services by all the central government ministries and departments.

https://www.business-standard.com/economy/news/procurement-from-govt-s-gem-portal-may-reach-rs-3-5-trillion-this-fiscal-123121400850_1.html

India's light vehicle market fastest growing among top 10 markets: S&P

India has been the fastest growing among the world's 10 largest automobile markets this calendar year when compared to the pre-pandemic year of 2019, according to S&P Global Mobility forecast. India is the world's third largest light vehicle (includes cars and light utility vehicles less than 6 tonnes) market, behind China and the United States. According to the forecasting firm, auto sales in India are estimated to advance 36 per cent from 2019 levels to 4.8 million units in 2023. Auto sales in the US are expected to fall 9 per cent compared to the same period while China is expected to see a 2 per cent rise over 2019. The remaining seven markets are likely to show single to double-digit declines in 2023 over 2019, the forecast said.

https://www.business-standard.com/industry/auto/india-s-light-vehicle-market-fastest-growing-among-top-10-markets-s-p-123121400683_1.html

Infrastructure

Capex on National Highways increased from Rs 51,000 cr in FY14 to Rs 2,40,000 cr in FY23, Parliament told

Capital expenditure on National Highways has seen a significant increase from about Rs 51,000 crore in 2013-14 to more than Rs 2,40,000 crore in 2022-23, Parliament was informed on Thursday. In a written reply to a question in the Lok Sabha, Union Road Transport and Highways minister Nitin Gadkari said budgetary allocation of the road ministry has increased from about Rs 31,130 crore in 2013-14 to Rs 2,70,435 crore in 2023-24. Such increased budgetary allocation led to expansion of the National Highway (NH) network in the country from about 91,287 km in March 2014 to about 1,46,145 km at present, Gadkari added.

<https://economictimes.indiatimes.com/news/economy/infrastructure/capex-on-national-highways-increased-from-rs-51000-cr-in-fy14-to-rs-240000-cr-in-fy23-parliament-told/articleshow/105999104.cms>

Indian Railways has a ₹1,00,000 crore plan to move towards zero waiting list ambition

The Indian Railways has chalked out a plan to purchase new trains worth ₹1 lakh crore over the next few years to cater to the rising demand in the passenger travel segment on the national transporter, Union Railways Minister Ashwini Vaishnaw told ET. The national transporter has spent 70% of the ₹2.4 lakh crore capital budget for FY24, he said adding that track laying was also progressing in line with the plan. "The goal is to replace ageing rolling stock for which 7,000-8,000 new train sets will be needed. Tenders for the same will be called in the next 4-5 years. This will entail floating train procurement tenders worth around Rs 1 lakh crore which will be honoured over the next 15 years by replacing the older rolling stock," Vaishnaw said.

<https://economictimes.indiatimes.com/industry/transportation/railways/railways-to-green-flag-rs-1-lakh-crore-train-set-bids/articleshow/106004866.cms>

Indian carriers could incur up to \$1.2 bn per year for 200 grounded planes

Over 25 per cent of the aircraft fleet operated by Indian carriers will be out of commission by March 2024, potentially resulting in an annual cost ranging from \$1 billion to \$1.2 billion, according to assessments made by CAPA India.

The standard monthly cost an active aircraft incurs is about \$1 million and if it's grounded, the cost comes down to \$0.5 million, according to CAPA's 'conservative' estimates. "With planned replacement capacity, a conservative estimate of fixed airline cost for around 100 grounded aircraft is \$500-600 million (prior to compensation from equipment maker)," CAPA India noted. By March 2024, about 196-201 out of 789 aircraft with Indian carriers are expected to be grounded, primarily due to supply chain issues.

https://www.business-standard.com/industry/news/indian-carriers-could-incur-1-1-2-bn-cost-per-year-for-200-grounded-planes-123121401173_1.html

Energy

Coal secy asks successful bidders of blocks to fast-track operationalisation of blocks

Coal Secretary Amrit Lal Meena on Thursday asked successful bidders to fast-track operationalisation of coal blocks. The secretary further assured the bidders of full support of the Centre in getting the necessary clearances. "Amrit Lal Meena congratulated all the successful bidders and urged them to expedite the coal block operationalisation," the coal ministry said in a statement. The coal ministry has issued vesting orders for six commercial coal mines and signed pacts for two mines on Thursday. Of the six coal mines, two are fully explored.

<https://www.financialexpress.com/business/industry-coal-secy-asks-successful-bidders-of-blocks-to-fast-track-operationalisation-of-blocks-3339080/>

Average power purchase cost increases by 71 paise per unit during FY22-23

Average power purchase cost increased by 71 paise per unit during FY22-23 due to a rise in various overheads like transmission and distribution rates, Parliament was informed on Thursday. On the rise in power cost due to increased use of imported coal, Union Power Minister RK Singh, in a written reply to the Lok Sabha, said, "Average power purchase cost increased by 71 paise only between FY22 and FY23. This is because of increase in various costs including an increase in transmission and distribution costs".

https://www.business-standard.com/industry/news/average-power-purchase-cost-increases-by-71-paise-per-unit-during-fy22-23-123121400871_1.html

Telecom

World telecom body's decision to open part of 6 GHz to cheer Indian telcos

In what could be a big win for India's telecom operators over tech companies, the World Radiocommunication Conference (WRC) has opened up 100 MHz spectrum in 6 GHz band for mobility services across the world while the upper 6 GHz band has been identified for IMT (mobility services) in Europe, Middle East and Africa. Telecom operators in India have been demanding 6 GHz band for IMT as it would be pivotal for meeting national connectivity goals and future spectrum requirements for 5G/6G. In contrast, technology companies have been wanting to delicense, and allot without auction, the band for WiFi usage.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/world-telecom-bodys-decision-to-open-part-of-6-ghz-to-cheer-indian-telcos/articleshow/106001437.cms>

External

Tariff imposition: India appeals against WTO panel report

India on Thursday appealed against a decision by the dispute settlement body of the World Trade Organization (WTO) that had ruled against New Delhi's imposition of tariffs on mobile phones and electronic components, among other ICT goods. The case was brought by the EU and a WTO panel in April said that India had violated global trading rules. In its appeal, India said it has sought a review by the Appellate Body "of the errors of law and legal interpretation by the panel in its report and requests findings by the Appellate Body". In May, New Delhi had appealed a similar ruling that had favoured Japan but the WTO gave three months, till September 19, to India and the EU to settle the dispute.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-appeals-wto-panel-report-against-tariff-imposition/articleshow/106001366.cms>

India, US reaffirm commitment to combat global illicit finance

India and the US on Thursday reaffirmed pledge to work jointly to address illicit finance risk globally, as they weighed greater information sharing and co-operation to better combat sanctions evasion and terrorist financing, according to a joint statement. The statement comes after revenue secretary Sanjay Malhotra and US Treasury under-secretary

for terrorism and financial intelligence Brian Nelson co-chaired the India-US Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) Dialogue in the capital.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-us-reaffirm-commitment-to-combat-global-illicit-finance/articleshow/105998212.cms>