



January 04, 2024 – Thursday

Economy

India's manufacturing PMI declines to 54.9 to hit 18-month low in Dec

The HSBC India Manufacturing Purchasing Managers' Index, compiled by S&P Global, fell to an 18-month low in December at 54.9 from 56 in November, tamped down by a weaker rise in new orders and output. Despite the decline, the December figure marked 30 months of the index remaining above 50. A survey print above 50 indicates manufacturing expansion and below that marks contraction. According to the private survey, the sector was still expanding strongly in December despite a "loss of growth momentum".

https://www.business-standard.com/economy/news/india-s-manufacturing-pmi-declines-to-54-9-to-hit-18-month-low-in-dec-124010300849_1.html

Sustained rise in pvt capex is imminent with strong corporates' books: MCA

A sustained increase in private capex is imminent with the strengthening of the balance sheets of Corporates and the consequent increase in credit financing, the Ministry of Corporate Affairs (MCA) said in its latest newsletter. The November newsletter of MCA noted the increasing number of newly registered companies, the flourishing startup ecosystem, and the rapid emergence of Unicorns all signify the resilience of the Corporate sector.

https://www.business-standard.com/economy/news/sustained-rise-in-pvt-capex-is-imminent-with-strong-corporates-books-mca-124010300842_1.html

Ind-Ra ups FY24 GDP growth estimate to 6.7%, warns of fiscal challenges

India Ratings and Research (Ind-Ra) on Wednesday revised India's GDP growth estimate for FY24 to 6.7 per cent from 6.2 per cent projected earlier. The rating agency, however, said that meeting the fiscal deficit target for the current financial year would be challenging due to higher-than-budgeted revenue expenditure. In its report, the rating agency said the upward revision in GDP growth projection for FY24 is due to the resilience of the Indian economy.

https://www.business-standard.com/economy/news/ind-ra-ups-fy24-gdp-growth-estimate-to-6-7-warns-of-fiscal-challenges-124010300747_1.html

Barclays: 12% exports growth target by 2030 more realistic

Barclays on Wednesday said as against India's exports target of \$2 trillion or 15% growth by 2030, a "more realistic expectation" would be about 12% growth to \$1.6 trillion from \$0.75 trillion currently, which would result in a global share of about 4%. The London-headquartered bank cautioned that weak global growth in the medium term, further fractures in global supply chains and increasing protectionism could challenge the strategy by limiting the potential for trade expansion. India has been a key beneficiary of the "China+1" strategy and the tech-intensity of exports is gradually increasing, Barclays said. India's export-complexity index rank improved to 41 in 2023 from 46 in 2001, but compared with emerging market peers such as China (ranked 25) and Mexico (23), there is clearly a long way to go, it said. "The biggest policy push is seen in manufacturing exports, where India is slowly yet steadily moving up the value chain, and seeing greater diversification. Still, India's largest goods exports themselves are highly reliant on imports," said Rahul Bajoria, managing director, Barclays.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/barclays-12-exports-growth-target-by-2030-more-realistic/articleshow/106524539.cms>

Nomura sees rural demand gathering steam in 2024

Rural demand is likely to pick up pace in 2024 owing to moderation in inflation, replenishment of rural savings after the Covid pandemic, increased liquidity on the back of pre-election spending, and a likely stable regime, Nomura said Wednesday. The global investment banking firm noted that even though growth is expected to slow down in the coming fiscal to 5.6% from 6.7% projected in FY24, mass consumption may rise as easing price pressures support mass consumption. "With inflation expected to moderate to 4.5% in FY25 from 5.6% in FY24, the replenishment of savings that got exhausted during the pandemic for rural households, additional liquidity driven by pre-election spending, and a likely stable regime are all likely to support a pick-up in rural volumes that remained below par through 2023," it said.

<https://economictimes.indiatimes.com/news/economy/indicators/nomura-sees-rural-demand-gathering-steam-in-2024/articleshow/106524489.cms>

Finance

Bank assurance sought to curb misselling of insurance products

The government has sought suggestions from lenders on steps to curb misselling through banking channels as part of efforts to strengthen regulatory oversight of the bancassurance model, said people aware of the matter. Some of the measures being considered may include a cap on commission charges paid to banks for selling insurance products, stricter disclosures of commission while selling policies, and delinking bank employees' performance appraisals from insurance sales targets, said the people.

<https://economictimes.indiatimes.com/industry/banking/finance/insure/bank-assurance-sought-to-curb-misselling-of-insurance-products/articleshow/106524397.cms>

Commercial paper, NCD issuers should disclose information relating to payment default on their website

The Reserve Bank of India wants issuers of Commercial Papers (CPs) and Non-Convertible Debentures (NCDs) to disclose information on any payment default through various channels, including publicly disseminating such information through their websites. These requirements form part of the revised Master Direction on CPs and NCDs of original or initial maturity up to one year, and are aimed at improving the transparency and safety of money markets.

<https://www.thehindubusinessline.com/money-and-banking/commercial-paper-ncd-issuers-should-disclose-information-relating-to-payment-default-on-their-website/article67703107.ece>

FCI: No outstanding short-term loans

The state-run Food Corporation of India (FCI) Wednesday said it had no outstanding short-term loans (STL). "As on date, the STL outstanding is nil," it said in a statement, adding that in the existing STL tender of up to ₹50,000 crore, only ₹3,200 crore of STL was availed from the banks. This was repaid as and when the subsidy was received from the government. On December 27, 2023, FCI floated an "Invitation of offer for short term loan." "In the bid document, the last date for submission of bid is mentioned as January 17, 2024. The bids are invited for STLs of up to ₹50,000 crore, ET reported Wednesday. "Floating of STL Tender on a regular basis in no manner means that the FCI is going to borrow STL of ₹50,000 crore. Rather, it is a standing arrangement kept in place to meet any unforeseen extraordinary/emergent situation, if any," FCI noted in a statement.

<https://economictimes.indiatimes.com/news/economy/finance/fci-no-outstanding-short-term-loans/articleshow/106524666.cms>

Interim Budget to stick with fiscal glide path, target 5.2% deficit in FY25

With buoyant revenues likely ensuring that the 5.9% fiscal deficit target is met in the current financial year, the Centre may target to bring it down to 5.2% in FY25, while sticking with the medium-term glide path for 4.5% deficit by FY26. However, this would entail compression of the revenue deficit, more sedate growth in capex than what was seen in the FY23, and FY24 Budget Estimate, as well as aggressive disinvestment, sources said.

<https://www.financialexpress.com/policy/economy-interim-budget-to-stick-with-fiscal-glide-path-target-5-2-deficit-in-fy25-3353506/>

Industry

Unseasonal rains impact December tractor sales

Domestic tractor volumes recorded their worst monthly fall in December in nearly 24 months. Manufacturers attribute this to partial damage to crops from unseasonal rains, late kharif harvesting and costlier loans. Analysts at Icria observed that monsoon precipitation remained weak overall, adding that the temporal and spatial distribution of rains was uneven. "The subpar monsoon has led to a marginal moderation in volumes over the past few months, with concerns emerging regarding the impact of the uneven precipitation on rural cash flows," they said.

<https://www.financialexpress.com/policy/economy-unseasonal-rains-impact-december-tractor-sales-3353606/>

Fewer phones, more FMCG items flying off ecommerce shelves

When it comes to buying big-ticket items like smartphones and televisions, consumers are moving back to brick-and-mortar stores from e-commerce while it's the opposite for daily necessities, according to companies and market researchers. The share of e-commerce in total smartphone sales was 45% in 2023 compared with 48-49% in 2021 and 2022, according to Counterpoint Research data. For products such as televisions, the contribution has dropped to 29-30% from 34% last year, while for washing machines it's down to 18-19% from 21%, industry executives said. For fast-moving consumer goods (FMCG), companies like ITC, Emami, Marico, Parle Products and Dabur have reported a growth of 3-5% percentage points in e-commerce contribution in the last one-two years, driven largely by quick commerce. In fact, the contribution of alternate channels - e-commerce and modern retail together - now account for one-fourth of the total sales for companies like ITC, Emami and Marico.

<https://economictimes.indiatimes.com/industry/cons-products/fmcf/fewer-phones-more-fmcf-items-flying-off-ecommerce-shelves/articleshow/106524778.cms>

Govt eases QCO norms for AC, related parts

To enable ease of doing business, the Department for Promotion of Industry and Internal Trade (DPIIT) has relaxed the quality control order norms for air conditioners (ACs) and related parts. In a notification, the commerce and industry ministry said that Hermetic Compressors of more than 7,000 W (2 TR) capacity have been removed from the order for one year for the manufacturers of air conditioning and refrigeration equipment and related parts. The government has exempted 200 goods or articles imported each year for the purpose of research and development by the manufacturers. However, these imported goods will not be allowed to be sold in the market and would have to be disposed of as scrap. "The original equipment manufacturers (OEMs) shall maintain a year-wise record of such goods or articles and furnish the same, if so desired by the government," the DPIIT said.

<https://economictimes.indiatimes.com/industry/cons-products/durables/govt-eases-qco-norms-for-ac-related-parts/articleshow/106523612.cms>

Electric 2-wheeler sales up 17% in India as electrification improves

Electric two-wheeler (E2W) sales volume in India rose 17 per cent year-on-year in December as electrification improved after a recent hiatus, a report showed on Wednesday. In the E2W space, Ola Electric (Ola) remained the market leader by volume and gained market share, reaching 40 per cent. "Improvement in Ola's market share was largely driven by the company's aggressive marketing campaign 'December to Remember', under which it offered aggressive discounts to customers and also reduced prices of its products," the report mentioned.

<https://economictimes.indiatimes.com/industry/renewables/electric-2-wheeler-sales-up-17-in-india-as-electrification-improves/articleshow/106511395.cms>

Agriculture

India notifies 8,606 tonnes of raw cane sugar exports to US under TRQ

The government on Wednesday notified exports of 8,606 tonnes of raw cane sugar under the tariff-rate quota (TRQ) scheme to the US for the fiscal year 2024. Shipments under the TRQ enjoy relatively lesser customs duties. After the quota is reached, a higher tariff applies to additional imports. "The quantity of 8,606 MTRV raw cane sugar to be

exported to USA under TRQ scheme from 01.10.2023 to 30.09.2024 has been notified," the Directorate General of Foreign Trade (DGFT) said in a public notice. India, the world's second-biggest producer and the largest consumer of sugar, has a preferential quota arrangement for sugar export with the European Union as well. The DGFT said that the quota will be operated by Agriculture and Processed Food Products Export Development Authority (APEDA).

<https://economictimes.indiatimes.com/news/economy/agriculture/india-notifies-8606-tonnes-of-raw-cane-sugar-exports-to-us-under-trq/articleshow/106523967.cms>

Infrastructure

Share of GCCs in office transactions rose to 35% in 2023: Knight Frank

India has been witnessing a steady rise in investments towards setting up Global Capability Centres (GCCs) in the country, and their share in the total office real estate transactions rose to 35 per cent in 2023 from 25 per cent in 2022, real estate consultancy Knight Frank said in a report on Wednesday. According to the "India Real Estate: Residential and Office (July - December 2023)" report, GCCs recorded an increase of 58 per cent in transaction volume during the year from 13.2 million square feet (msf) in 2022 to 20.8 msf. The total office market saw transactions worth 59.6 MSF in 2023, the highest ever.

https://www.business-standard.com/industry/news/share-of-gccs-in-office-transactions-rose-to-35-in-2023-knight-frank-124010300454_1.html

Sales of homes up to Rs 50 lakh dip 16% last year; total sales 10-yr high

Sales of homes costing up to Rs 50 lakh fell 16 per cent last year to nearly 98,000 units across eight major cities due to a rise in property prices and high mortgage rate, according to Knight Frank India. Nevertheless, overall housing sales, comprising all price points, rose 5 per cent annually to 3,29,907 units during 2023 across the top eight cities - Delhi-NCR, Mumbai Metropolitan Region (MMR), Chennai, Kolkata, Bengaluru, Pune, Hyderabad and Ahmedabad.

https://www.business-standard.com/industry/news/sales-of-homes-up-to-rs-50-lakh-dip-16-last-year-total-sales-10-yr-high-124010300437_1.html

UP RERA directs developers to sell apartments as per carpet area

The Uttar Pradesh Real Estate Regulatory Authority (UP RERA) has directed all developers to ensure sale of apartments is done as per carpet area only. As per the provisions of the RERA Act and pursuant to other legal agreements/ contracts, there is no justification of super area. Sale of apartments on this basis will be considered illegal and according to the provisions of RERA Act, buying and selling of apartments is legal only on the basis of carpet area. U.P. RERA Chairman Sanjay Bhoosreddy said that "there is no abbreviation or definition of super area in the RERA Act. It is necessary for allottees to consider carpet area as the actual area of the unit/ apartment and pay the promoter according to this area."

<https://economictimes.indiatimes.com/industry/services/property/-cstruction/up-rera-directs-developers-to-sell-apartments-as-per-carpet-area/articleshow/106520936.cms>

Telecom

Direct-to-mobile tech: DoT arm flags adoption hurdles

The Telecommunication Engineering Centre (TEC) has flagged challenges that could crop up in the implementation of the direct-to-mobile (D2M) technology, which would pave the way for streaming television content directly to mobile phones, without an internet connection. This comes amid strong opposition to the government's proposal for the D2M by technology companies like Qualcomm, Samsung, Ericsson, Nokia as well as telecom operators.

<https://www.financialexpress.com/business/industry-express-mobility-direct-to-mobile-tech-dot-arm-flags-adoption-hurdles-3353919/>

States

Andhra Pradesh CM upgrades social welfare pension to ₹3,000, reaching 66.34 lakh beneficiaries

Andhra Pradesh Chief Minister YS Jagan Mohan Reddy on Wednesday launched the upgraded social welfare pension of ₹3,000 per month with an expanded reach to cover 66.34 lakh beneficiaries. This would mark an increase of ₹250

as till now pension was at ₹2,750. Addressing a public meeting on the occasion in Kakinada, Reddy said the State government was spending ₹1,968 crore every month on social pensions, and volunteers, irrespective of public holidays were distributing pensions at sun-rise on the first of every month to the pensioners.

<https://www.thehindubusinessline.com/news/national/ap-cm-launches-upgraded-pension-scheme/article67702641.ece>

External

No extra tariffs on steel exports to US

India and the US have agreed on the terms for joint monitoring of the former's steel and aluminium exports to the world's largest economy, without being subjected to additional duties. This follows the two sides deciding to end all bilateral trade disputes that were pending at the World Trade Organization during Prime Minister Narendra Modi's state visit to Washington in June 2023. India's department of commerce has finalised the terms of references with regard to the joint monitoring mechanism to enable exports of certain steel and aluminium products to the US, without paying extra duties, and the US has conveyed its agreement with the proposed text, a senior official said here on Tuesday.

<https://www.financialexpress.com/business/industry-no-extra-tariffs-on-steel-exports-to-us-3353595/>

Govt bans screw imports priced less than Rs 129 per kg

In a move to promote local manufacturing of screws, the government on Wednesday prohibited the imports of certain kinds of screws- priced lower than Rs 129 per kg. "The import policy of screws...is revised from free to prohibited. However, import shall be free if CIF (cost, insurance, freight) value is Rs 129 or above per kg," the Directorate General of Foreign Trade (DGFT) said in a notification.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/govt-bans-screw-imports-priced-less-than-rs-129-per-kg/articleshow/106523150.cms>