



February 15, 2024 – Thursday

Economy

Wholesale inflation eases to 0.27% in January, food inflation at 3.79%

The Wholesale Price Index (WPI) -based inflation in India eased to 0.27 per cent in January as compared to the same month last year. data released by the Office of Economic Advisor on Wednesday showed. This is the lowest figure in the last three months. In December 2023, it was 0.73 per cent. The wholesale food inflation cooled down to 3.79 per cent in January. It was 5.39 per cent in December last year.

https://www.business-standard.com/economy/news/wholesale-inflation-eases-to-0-27-in-january-food-inflation-at-3-79-124021400657_1.html

Banking and Finance

Finance Minister to review economy at FSDC meeting on Feb 21

Finance Minister Nirmala Sitharaman is scheduled to review the state of the economy amid global challenges at a meeting of the Financial Stability and Development Council (FSDC) on February 21. The 28th meeting of the high-level panel to be held here will be attended by all financial sector regulators, including RBI Governor Shaktikanta Das, sources said. This would be the first meeting of the FSDC after the passage of the Rs 47.6 lakh crore Budget for 2024-25, focussing on capital expenditure with an outlay of Rs 11.11 lakh crore. In the meeting, the Finance Minister will review the current global and domestic economic situation and financial stability issues.

<https://economictimes.indiatimes.com/news/economy/finance/finance-minister-to-review-economy-at-fsdc-meeting-on-feb-21/articleshow/107693833.cms>

RBI cautions banks, NBFCs against complacency

Reserve Bank of India (RBI) governor Shaktikanta Das has asked banks to be on guard against complacency and be vigilant around build-up of risks in the financial sector. Das along with deputy governors M Rajeshwar Rao and Swaminathan J met CEOs of public sector banks on Tuesday, the first such meeting since July last year. The governor highlighted issues relating to business model viability, the outlier growth in personal loans and also urged adherence to co-lending guidelines. He complimented banks on their improved financial performance, but also cautioned against rising risks.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-cautions-banks-nbfc-against-complacency/articleshow/107696622.cms>

Banks to club home loans with funding for rooftop solar gear

Banks will bundle housing loans with rooftop solar installations, following a government push to revise and enhance these schemes to boost solar energy usage in the country, said people aware of the developments. Lenders will also consider developing and revising standalone products to support the government's PM Surya Ghar Muft Bijli Yojana, the people said. In a meeting held last month between the finance ministry, ministry of new and renewable energy, and banks, it was agreed that banks will also link with the National Portal for Rooftop Solar to provide real-time data access to consumers and stakeholders, said the people cited above.

<https://economictimes.indiatimes.com/industry/renewables/banks-to-club-home-loans-with-funding-for-rooftop-solar-gear/articleshow/107700766.cms>

Scheme to give loans upto Rs 20 lakh launched for informal micro enterprises

Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) launched a special scheme for Informal Micro Enterprises (IMEs) under which the eligible enterprise can borrow up to Rs 20 lakh, the government said Wednesday. "This scheme will provide support and opportunity for micro/nano enterprises and is aimed at moderating the credit risk perception and will prompt the lending institutions to lend to IMEs," said Micro, Small and Medium Enterprises minister Narayan Rane.

<https://economictimes.indiatimes.com/news/economy/finance/scheme-to-give-loans-upto-rs-20-lakh-launched-for-informal-micro-enterprises/articleshow/107700274.cms>

Slowing inflation, smaller fiscal deficit will create ground for MPC to start cutting rates: Crisil

Slowing inflation, a smaller fiscal deficit and an imminent turn in the US Federal Reserve's policy rates, will create the ground for the Monetary Policy Committee (MPC) to start cutting rates, according to a report by Crisil Market Intelligence & Analytics (MI&A).

<https://www.thehindubusinessline.com/economy/slowing-inflation-smaller-fiscal-deficit-will-create-ground-for-mpc-to-start-cutting-rates-crisil/article67845016.ece>

EPFO contributions to cross ₹3 lakh cr in '24-25

The Schemes managed by the Employees' Provident Fund Organisation (EPFO) are expected to receive about ₹3 lakh crore in total contributions in 2024-25, around 8% more from this fiscal year and almost two-and-a-half times higher compared with the pre-Pandemic 2019-20. A senior government official cited strong economic growth and its impact on employment generation for the expected increase in contributions. "The robust jump in contributions to the EPFO is an indicator of increase in formal job creation and rising wages over the last few years," he said.

<https://economictimes.indiatimes.com/news/economy/policy/epfo-contributions-to-cross-3-l-cr-in-24-25/articleshow/107700663.cms>

IRDAI proposes extended free look in period to enhance policyholders interest

In a step towards enhancing the protection of insurance policyholders, the Insurance Regulatory and Development Authority of India (IRDAI) has proposed changes including extending the free look period to 30 days for both life and health insurance policies up from 15 days for policies sold physically. The free look period allows policyholders to review their insurance policies and cancel them within a specified period without incurring surrender charges. During this period, the insurance company refunds the first premium paid by the policyholder upon policy return.

<https://economictimes.indiatimes.com/industry/banking/finance/insure/irdai-proposes-to-increase-free-look-period-to-30-days/articleshow/107698186.cms>

Irdai proposes to set up online marketplace 'Bima Sugam'

Regulator Irdai has proposed to establish an online insurance market place, Bima Sugam, a one-stop solution to enhance availability, accessibility, and affordability of a product. A digital public infrastructure called 'Bima Sugam - Insurance Electronic Marketplace' is proposed to be established to empower and protect the interest of policyholders, Insurance Regulatory and Development Authority of India (Irdai) said in a draft. The aim behind setting up the marketplace is to increase penetration of insurance in India and to enhance availability, accessibility, and affordability, it added. Bima Sugam, it said will be a one-stop solution for all insurance stakeholders, vis-a-vis customers, insurers, intermediaries or insurance intermediaries, and insurance agents.

<https://economictimes.indiatimes.com/industry/banking/finance/insure/irdai-proposes-to-set-up-online-marketplace-bima-sugam/articleshow/107696599.cms>

States' capex jumps 40% so far this fiscal

Aided by interest-free loans from the Centre, capital expenditure by states jumped by 40% on year in the first nine months of the current financial year compared with a 7% rise in the year-ago period. These states — Uttar Pradesh, Tamil Nadu, Madhya Pradesh, Bihar, Gujarat, West Bengal, Andhra Pradesh, Haryana, Karnataka, Kerala, Maharashtra, Odisha, Punjab, Rajasthan, Assam, Uttarakhand, Telangana, Chattisgarh and Jharkhand — reported Rs

4.14-trillion investment in April-December 2024 against Rs 2.96 trillion a year ago. In April-December this year, the Centre provided around Rs 61,500 crore in long-term loans to these states for asset creation.

<https://www.financialexpress.com/policy/economy-states-capex-jumps-40-so-far-this-fiscal-3393366/>

Industry

Auto dispatches scale new peak as dealers stock up post year-end sales

Automakers dispatched 393,074 units of cars, utility vehicles and vans last month, a 14% increase from a year earlier and the highest on record, as dealers restocked inventories depleted during year-end sales promotions. As per data available with industry body Society of Indian Automobile Manufacturers (SIAM), the previous record for passenger vehicle sales was 391,811 units in October 2023. In January last year, manufacturers had dispatched 346,080 units to dealerships. Automakers in India mostly report wholesale dispatches from factories to dealerships, and not retail sales to customers.

<https://economictimes.indiatimes.com/industry/auto/auto-news/auto-dispatches-scale-new-peak-as-dealers-stock-up-post-year-end-sales/articleshow/107701071.cms>

Electronics parts PLI: Centre, companies get on call with ₹20,000 crore outlay on the agenda

The government has started consultations with the industry for the production-linked incentive (PLI) scheme for electronics components manufacturing, that is likely to have an outlay of around ₹20,000 crore, officials aware of the details told ET. "The ministry of electronics and IT (MeitY) is aiming to get funds allocated for the scheme in the budget that will be presented in July by the new government," an official privy to the consultations said. While the exact quantum of the scheme outlay will be decided after the consultations, the industry feels the amount should exceed Rs 20,000 crore to get the desired results in setting up an ecosystem.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/electronics-parts-pli-centre-companies-get-on-call-with-20000-crore-outlay-on-the-agenda/articleshow/107700797.cms>

Govt says Rs 12,900 cr invested under PLI scheme for specialty steel

About Rs 12,900 crore has already been invested in the domestic steel sector under the PLI scheme for specialty steel, an official statement said on Wednesday. In March 2023, 57 memorandum of understandings (MoUs) were signed for generating an investment of about Rs 29,500 crore in the sector by FY28. Besides, the scheme envisaged addition of 25 MT capacity for producing specialty steel grades and generating about 17,000 employment opportunities, Ministry of Steel said in an statement. On the status of the scheme, the ministry said "as of December 2023, the selected companies have already invested about Rs 12,900 crore against an investment commitment of Rs 21,000 crore up to the current financial year."

<https://economictimes.indiatimes.com/industry/indl-goods/svs/steel/govt-says-rs-12900-cr-invested-under-pli-scheme-for-specialty-steel/articleshow/107697061.cms>

Higher coal prices seen impacting steel industry's growth plans

Higher prices of coal could slow down the debt reduction plans of Indian steel-makers, with leverage for the sector weakening to 2021 levels if input prices remain at the current levels, said S&P Global Ratings. "We no longer think India's leading steel companies will shed debt in the coming fiscal year," said Anshuman Bharati of S&P said in a note on Wednesday. "Instead, debt should remain at the same level, due to narrower steel spreads that will feed into cash flows."

<https://economictimes.indiatimes.com/industry/indl-goods/svs/steel/higher-coal-prices-seen-impacting-steel-industrys-growth-plans/articleshow/107691867.cms>

India steel mills most at risk from EU carbon plan, says Goldman Sachs

Steel producers in India are most at risk from Europe's new carbon tax on imports due to their high sales to the region and mills' elevated emissions intensity, according to Goldman Sachs Group Inc. There is a potential for an additional \$102 to \$190 a ton of tax charges on flows of Indian steel to the bloc over the next decade, analysts led by Emma Jones said in a report. That range — which assumes a carbon price of \$70 — is 15% to 28% of current hot-rolled coil prices, they said.

https://www.business-standard.com/industry/news/india-steel-mills-most-at-risk-from-eu-carbon-plan-says-goldman-sachs-124021400832_1.html

Warehousing & Logistics leasing in 2023 exceeded pre-pandemic level by 15%

The absorption in the Warehousing & Logistics sector in 2023 at 37.8 million sq ft (msf) was 15 per cent higher than 33 msf in 2019, according to data released by Vestian Research on Wednesday. It was 21 per cent higher than 31.2 msf in 2022. The data further showed that the absorption has been on the rise since 2021 when it was 30.2 msf. The sector received investments worth \$646 million in 2023, accounting for 15 per cent of the total institutional investment received in the real estate sector. However, investments declined by 65 per cent in 2023 over the previous year as investors opted for wait-and-watch mode amid global macroeconomic uncertainty.

https://www.business-standard.com/industry/news/warehousing-logistics-leasing-in-2023-exceeded-pre-pandemic-level-by-15-124021401173_1.html

Tractor industry sales likely to dip 5% due to agri activities slowdown

The tractor industry is likely to end the fiscal year with a 5 per cent decline in volumes over the previous year as tractor sales continue to slip owing to a slowdown in agricultural activities led by a delayed harvesting season as well as lower rabi sowing. The market leader in tractors in India, Mahindra and Mahindra, felt that the year would end with around 900,000 units in sales compared to 945,000 units sold in 2022-23. M&M enjoys a 41.8 per cent share of India's tractor market and it has managed to gain share from 41 per cent in Q3FY23 despite the market witnessing a slowdown.

https://www.business-standard.com/industry/auto/tractor-industry-sales-likely-to-dip-5-due-to-agri-activities-slowdown-124021401650_1.html

About 30% of business applications have moved to cloud in India: Oracle

At a time when the buzz is all about the adoption of generative AI, only 30 per cent of business applications have moved to the cloud in India, said Oracle India. While this is similar to the global trend, it also represents a huge opportunity for Oracle. Shailender Kumar, Senior Vice President and Regional Managing Director, Oracle India said: "Given the kind of applications that can be moved to cloud, as a few may be on mainframes too, only 30 per cent has been moved to cloud. While this is a global figure, for India too this will be similar."

https://www.business-standard.com/companies/news/about-30-of-business-have-moved-to-cloud-in-india-oracle-s-regional-md-124021401640_1.html

Agriculture

Sugar prices likely to rule lower than 2023 on higher output prospects

Sugar prices in 2024 will likely be lower than last year with prices currently ruling at a three-week low but they will stay elevated than normal. Month-on-month prices are up 2 per cent but the commodity has come under pressure on prospects of a rise in production.

<https://www.thehindubusinessline.com/economy/agri-business/sugar-prices-likely-to-rule-lower-than-2023-on-higher-output-prospects/article67845598.ece>

Infrastructure

Luxury housing sale jumps 75% Y-o-Y in 2023

The luxury segment housing (apartment priced Rs 4 crore and above) recorded a 75% Y-o-Y growth in sales in 2023 as buyers continue to invest in high-value assets with bigger space and better amenities. A total of 12,935 units were sold in 2023 against 7,395 in 2022, as large developers such as DLF, Sobha, Lodha, TARC, Max launched and sold apartments in this price bracket and beat the annual guidance. "In light of the changing landscape, the premium and luxury sectors are expected to sustain their attractiveness, supported by favourable market conditions driving healthy growth in the foreseeable future. While regional dynamics may lead to fluctuations in capital values, the overall outlook remains positive," said Anshuman Magazine, Chairman & CEO - India, South-East Asia, Middle East & Africa, CBRE.

<https://economictimes.indiatimes.com/industry/services/property/-/cstruction/luxury-housing-sale-jumps-75-y-o-y-in-2023/articleshow/107686328.cms>

Govt relaxes rule for foreign freighter operations

Foreign airlines will be able to operate ad hoc and non-scheduled cargo flights to all international airports in the country with government lifting its Covid-19 era restrictions. The Directorate General of Civil Aviation has revised the rule for freighter operations following a review of its earlier direction which limited ad hoc and non scheduled cargo flights from foreign carriers to six cities. These included- Bengaluru, Chennai, Delhi, Kolkata, Hyderabad and Mumbai.

<https://www.thehindubusinessline.com/economy/logistics/govt-relaxes-rule-for-foreign-freighter-operations/article67845544.ece>

Energy

Coal India to add new mines, expand existing ones to meet high demand

State-run Coal India plans to start operations at five new mines and expand capacity of at least 16 existing ones to address growing demand for the fuel, its chairman told Reuters on Wednesday. India has increasingly relied on coal to address record power demand in recent months, with the rise in coal-fired power output outpacing renewable energy growth for the first time since at least 2019.

https://www.business-standard.com/companies/news/coal-india-to-add-new-mines-expand-existing-ones-to-meet-high-demand-124021400718_1.html

OMCs to procure over 300 crore litres lines of ethanol annually from upcoming plants across 8 states

State-run oil marketing companies (OMCs) will procure more than 300 crore litres of ethanol from upcoming manufacturing facilities of the biofuel across eight states and two union territories. OMCs Ethanol Procurement Group (OEPG) floated an expression of interest (EOI) to invite bidders to enter into a long-term off-take agreement with upcoming Dedicated Ethanol Plants (DEP) in Tamil Nadu, Kerala, Andhra Pradesh, Telangana, Gujarat, Rajasthan, Goa, Odisha and Union Territories of Jammu & Kashmir and Ladakh to procure denatured anhydrous ethanol.

<https://www.thehindubusinessline.com/companies/omcs-to-procure-over-300-crore-lines-of-ethanol-annually-from-upcoming-plants-across-8-states/article67844639.ece>

Govt issues guidelines for pilot projects on use of green hydrogen in transport sector

The government on Wednesday issued scheme guidelines to support pilot projects based on the use of green hydrogen as fuel in buses, trucks and four-wheelers. The scheme will be implemented with a total budgetary outlay of Rs 496 crore till the financial year 2025-26, a statement by the Ministry of New Renewable Energy said. The central government has come out with guidelines for undertaking pilot projects for using green hydrogen in the transport sector. "Scheme Guidelines for Implementation of Pilot Projects for Use of Green Hydrogen in the Transport Sector" have been issued by the Ministry of New & Renewable Energy (MNRE) on February 14, 2024, under the National Green Hydrogen Mission, according to the statement.

<https://economictimes.indiatimes.com/industry/renewables/govt-issues-guidelines-for-pilot-projects-on-use-of-green-hydrogen-in-transport-sector/articleshow/107699787.cms>

External

India-UAE trade could touch \$100 billion ahead of 2030

Prime Minister Narendra Modi and UAE President Sheikh Mohamed bin Zayed Al Nahyan have expressed optimism that India-UAE bilateral trade could touch \$100 billion, up from the current \$85 billion, well ahead of the target year 2030, per a joint statement issued following the bilateral meeting on Tuesday.

<https://www.thehindubusinessline.com/economy/israel-palestine-conflict-will-not-derail-india-uae-economic-cooperation-foreign-secretary/article67844706.ece>

India, four other countries voice concern at WTO dispute settlement reform proposal

India, Bangladesh, Egypt, Indonesia and South Africa have raised concerns at a latest World Trade Organization (WTO) draft on dispute settlement reform which proposes inclusion of mediators during consultations and the composition and powers of dispute settlement panels. In a submission made Monday, they said that novel ideas like narrowing the possibility of appeal to "exceptional circumstances" may lead to confusion and adversely impact the ability of developing countries to access the dispute resolution system. The draft has proposed that the panel be given powers to categorise cases into standard, complex and extraordinarily complex cases, which many countries have opposed.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-four-other-countries-voice-concern-at-wto-dispute-settlement-reform-proposal/articleshow/107700468.cms>

India working to develop HSN codes for certain varieties of rice

India is working to develop new tariff codes, called Harmonised System of Nomenclature or HSN codes in trade parlance, for certain rice varieties to enable exports of those which are traditionally not consumed by the people in the country, officials said Tuesday. At present, all categories of non-basmati white rice are banned for exports. The Agricultural & Processed Food Products Export Development Authority (APEDA), is working on separate HSN codes for rice varieties which are GI (Geographical Indications) tagged such as Red Rice, Black Rice and Kalanamak Rice. Rajesh Agarwal, additional secretary in the commerce department, said that there are 40-50 varieties of non-basmati rice and when the government bans the export of that, all the varieties such as Sona Masuri, Govind Bhog, Kalanamak, or normal white non-basmati rice get impacted.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-working-to-develop-hsn-codes-for-certain-varieties-of-rice/articleshow/107665311.cms>

India's basmati rice exports up 19% in April-Dec at \$3.97 billion

Basmati rice exports have shown a 19 per cent growth in dollar terms at \$3.97 billion in the first three quarters of the current financial year on demand from countries such as Saudi Arabia and Iraq. In the same period last year, basmati exports were \$3.33 billion, as per the latest provisional data released by the Agricultural and Processed Foods Exports Development Authority (APEDA).

<https://www.thehindubusinessline.com/economy/agri-business/indias-basmati-rice-exports-up-19-in-april-dec-at-397-billion/article67845821.ece>