



February 26, 2024 – Monday

Economy

Rural non-food spend over 50% for first time: Consumer expenditure survey

The average spending on non-food items by rural India surpassed the 50 per cent mark for the first time in 2022-23, with a decrease in the proportion of total expenditure now allocated to food items, according to the latest Household Consumption Expenditure Survey (HCES) released by the Ministry of Statistics and Programme Implementation (MoSPI). The Survey results released after 11 years show as a share of monthly per capita expenditure (MPCE), spending on food items in rural India decreased to 46.38 per cent in 2022-23 from 52.9 per cent in 2011-12.

https://www.business-standard.com/economy/news/rural-spending-on-non-food-items-above-50-for-1st-time-in-2022-23-survey-124022500485_1.html

Under-employment a problem for India: Panagariya as he pitches for reforms

Pitching for labour reforms, the chairman of the 16th Finance Commission and former NITI Aayog Chairman Arvind Panagariya on Saturday said that "unemployment," is not a problem for India but "under-employment" is. Speaking at a session 'The Economic Whisper: how to fuel growth with jobs' at the concluding day of the two-day ABP Network's 'Ideas of India Summit 3.0' here, he also sounded optimistic that the jobs problem in the country will be solved over the next 10 years.

https://www.business-standard.com/finance/news/under-employment-a-problem-for-india-panagariya-as-he-pitches-for-reforms-124022400522_1.html

Finance

RBI allows banks, non-banks to issue PPIs for public transport systems

The Reserve Bank of India (RBI) on Friday allowed banks and non-banks to issue prepaid payment instruments (PPIs) for public transit services such as metro, buses, rail, waterways, tolls, and parking. The regulator amended the guidelines for PPIs for mass transit systems (MTS). It said such PPIs could be issued without a "know your customer" (KYC) verification of the holder.

https://www.business-standard.com/finance/news/rbi-allows-banks-non-banks-to-issue-ppis-for-public-transport-systems-124022300939_1.html

Impact of Rs 2,000 notes withdrawal: Currency-in-circulation growth dips to 3.7% in Feb

The growth in currency in circulation decelerated to 3.7 per cent for the week ended February 9 from 8.2 per cent a year ago, reflecting the impact of the decision of the Reserve Bank of India (RBI) to withdraw Rs 2,000 banknotes. Currency-in-circulation (CiC) refers to notes and coins in circulation, while currency with the public comprises notes and coins in circulation minus cash with banks. According to the RBI, commercial banks have reported double-digit growth in deposits in January, which too can be attributed to withdrawal of Rs 2,000 currency notes.

<https://www.financialexpress.com/policy/economy-impact-of-rs-2000-notes-withdrawal-currency-in-circulation-growth-dips-to-3-7-in-feb-3404471/>

Banks look at bonds, rights issue amid stretched loan-to-deposit ratios

Amid the tight liquidity environment and stretched loan-to-deposit ratios (LDRs), banks are looking at alternative fund-raising options to support their balance sheets, leading to several of them tapping the capital markets to raise debt or equity through varied instruments. The surge in credit growth pushed Indian banks' loan to deposit ratio (LRD) to a two-decade high of 80 per cent in December 2023, due to which incremental growth will "either come more slowly or be more expensive". At present, credit growth is 1.5x nominal GDP, while deposits are rising in line with nominal GDP, said S&P Global in a note. "Private banks are most exposed to this risk, as their LDR could cross 97 per cent in our alternate scenario. Banks will have to supplement deposits with onshore and offshore wholesale borrowings, potentially at a higher cost. The hit to NIMs could double, falling 20 bps to 2.8 per cent, and could translate into a 10-15 bps impact on return on average assets," it said.

<https://www.thehindubusinessline.com/money-and-banking/banks-look-at-bonds-rights-issue-amid-stretched-loan-to-deposit-ratios/article67885519.ece>

Panel recommends faster disposal of cases among changes to arbitration regime

An expert panel on arbitration has proposed several changes to the current regime, like disposal of cases within 60 days, specialised arbitration benches in courts and arbitral institutions in special economic zones, and setting up an investment court to settle cases involving bilateral investment treaties. It also called for updating the law to reflect best global practices to make India an international hub for commercial arbitration and contribute to the realisation of the government's vision of a \$5 trillion economy by 2024-25. However, the panel asked the government to go slow on the use of artificial intelligence technologies, which are impacting and gaining traction within the legal sector. It suggested that the government await further developments in the area as various nations are still studying the likely impact of AI on areas of governance and decision-making including in the judicial process.

<https://economictimes.indiatimes.com/news/economy/policy/panel-recommends-faster-disposal-of-cases-among-changes-to-arbitration-regime/articleshow/107990357.cms>

Centre may junk special IBC framework plan for real estate

A planned special resolution framework for real estate for effectively granting greater protection to defaulting firms from bankruptcy proceedings is unlikely to feature in the amendments to the Insolvency and Bankruptcy Code (IBC) that the government is firming up, people familiar with the development said. After extensive deliberations, the government now reckons that such sector-specific mechanisms within the IBC could dilute the very essence of the bankruptcy law and prove to be counter-productive, they told ET. It is expected to amend the IBC after the general election in April-May.

<https://economictimes.indiatimes.com/news/economy/policy/centre-may-junk-special-ibc-framework-plan-for-real-estate/articleshow/107991043.cms>

FPIs tap the brakes on equity sell-off, Feb outflows plummet to ₹423 crore

Resilient Indian equity markets, which saw key benchmarks Nifty50 and Sensex hitting an all time high this past week, may have prompted Foreign Portfolio Investors (FPIs) to put brakes on their aggressive equity selling spree, bringing down their net equity outflows so far this month to ₹423 crore, depositories data showed. This net outflow of ₹423 crore till February 24 is sharply down from the net selling of ₹25,744 crore in January 2024. FPIs pumped a record \$ 8 billion in Indian equities in December last year.

<https://www.thehindubusinessline.com/markets/fpis-tap-the-brakes-on-equity-sell-off-feb-outflows-plummet-to-423-crore/article67885507.ece>

Industry

Govt finalises funding mechanism for battery energy storage system project

Union Power and New & Renewable Energy Minister R K Singh has finalised the mechanism for deployment of funds for various projects to develop battery energy storage systems in the country. Battery energy storage systems (BESS) will ensure round-the-clock supply of renewable energy. The minister chaired a meeting on February 22 to finalise the structure for operationalising the scheme of viability gap funding for development of BESS with the capacity of 4,000 megawatt-hours (MWh), an official statement said on Sunday. Officials from the power ministry and those from

Central Electricity Authority, Solar Energy Corporation of India, Grid India, and NTPC Vidyut Vyapar Nigam Ltd. (NVTN) were present in the meeting.

https://www.business-standard.com/india-news/govt-finalises-funding-mechanism-for-battery-energy-storage-system-project-124022500554_1.html

PV industry growth likely to moderate to less than 5% in FY25: Tata Motors

The growth of the domestic passenger vehicle industry is likely to moderate to less than 5 per cent in the next fiscal, according to Tata Motors Passenger Vehicles Managing Director Shailesh Chandra. The company, however, expects electric vehicle sales to keep growing despite the slow pace of charging infrastructure development in the country. "We had seen a very strong growth in FY23 of 25 per cent, which is likely to moderate in FY24 to about 8 per cent. Therefore, we are seeing with this high base effect, and FY25 will be slightly challenging with less than 5 per cent growth rate," Chandra said in an analyst call.

https://www.business-standard.com/industry/auto/pv-industry-growth-likely-to-moderate-to-less-than-5-in-fy25-tata-motors-124022500088_1.html

Indian passenger vehicle industry engages numerous social media influencers to accelerate sales

The 'vroom-vroom' of the auto engine has just got amplified by 'views,' 'likes,' and 'notification chimes.' The Indian passenger vehicle industry - which saw a historic 27% growth in FY23 with sales of 3.90 million vehicles, and growing since the pandemic - has floored the pedal by engaging numerous social media influencers to further accelerate sales. And the strategy seems to be working just fine: most automakers have been able to sell cars to an increasingly informed set of buyers - who seemed to know pretty much everything about a vehicle before even stepping into a showroom.

<https://economictimes.indiatimes.com/industry/auto/auto-news/indian-passenger-vehicle-industry-engages-numerous-social-media-influencers-to-accelerate-sales/articleshow/107989330.cms>

Clear shift in skincare market as Gen Z moves away from fairness products

Fair is no longer lovely. For the first time, fairness creams declined 3% by volume in 2023 from the previous year, according to data by researcher NielsenIQ. "As consumer demands continue to evolve, purpose-driven formats like brightening, glow, radiance and anti-dullness are garnering increased attention, signalling a shift in perception towards beauty," said Roosevelt DSouza, head, customer success India, at NielsenIQ. "Gen Z and millennials are shifting to brightening and hydration functionalities instead of fairness," said Nitin Passi, chairman of premium cosmetics maker Lotus Herbals. Amid a backlash against the promotion of stereotypes, Hindustan Unilever Ltd (HUL) had renamed its mainstay fairness cream Glow & Lovely in 2020, from the previous Fair & Lovely.

<https://economictimes.indiatimes.com/industry/cons-products/fashion/-/cosmetics/-/jewellery/clear-shift-in-skincare-market-as-gen-z-moves-away-from-fairness-products/articleshow/107990456.cms>

Infrastructure

MoSPI: 431 infra projects hit by cost overrun of ₹4.80L cr in Jan

As many as 431 infrastructure projects, each entailing an investment of ₹150 crore or above, were hit by cost overrun of more than ₹4.80 lakh crore in January 2024, an official report stated. As per Ministry of Statistics and Programme Implementation (MoSPI), projects worth ₹150 crore and above, out of 1,821 projects, 431 reported cost overrun and 780 projects were delayed. "Total original cost of implementation of the 1,821 projects was ₹26,09,679.38 crore and their anticipated completion cost is likely to be ₹30,90,135.99 crore, which reflects overall cost overruns of ₹4,80,456.61 crore (18.41% of original cost)," the latest report said.

<https://economictimes.indiatimes.com/news/economy/infrastructure/mospi-431-infra-projects-hit-by-cost-overrun-of-4-80l-cr-in-jan/articleshow/107990919.cms>

PM Modi inaugurates and lays foundation stone of development projects worth more than Rs 4,150 cr in Dwarka

Prime Minister Narendra Modi on Sunday inaugurated, dedicated to the nation and laid the foundation stone of several development projects worth more than Rs 4,150 crore in Gujarat's Dwarka. Earlier today PM Modi inaugurated 'Sudarshan Setu', the country's longest cable-stayed bridge of 2.32 km, on the Arabian sea connecting

Beyt Dwarka island to mainland Okha in Gujarat's Devbhumi Dwarka district. Modi began his day by offering prayers at Lord Sri Krishna temple at Beyt Dwarka.

<https://economictimes.indiatimes.com/news/india/pm-modi-inaugurates-and-lays-foundation-stone-of-development-projects-worth-more-than-rs-4150-cr-in-dwarka/articleshow/107983273.cms>

Energy

India to add 18 N-power reactors with capacity of 13,800 MWe by 2032: NPCIL

India will add 18 more nuclear power reactors with a cumulative capacity to generate 13,800 MWe of electricity, taking the total share of atomic power in the energy mix to 22,480 MWe by 2031-32. This was announced by the Nuclear Power Corporation of India Limited (NPCIL) after Prime Minister Narendra Modi dedicated two home-built 700 MW nuclear power reactors at Kakrapar in Gujarat last week. Presently, the NPCIL operates 24 reactors with a total capacity of 8,180 MWe. The prime minister dedicated units 3 & 4 of Kakrapar Atomic Power Station (KAPS 3 & 4) to the nation on February 22.

https://www.business-standard.com/india-news/india-to-add-18-n-power-reactors-with-capacity-of-13-800-mwe-by-2032-npcil-124022500350_1.html

Telecom

Trai recommends mandatory call name display to curb spam

In another move to check unsolicited calls, the telecom regulator has recommended that all network operators should implement the calling name display service on mobile phones and further that, all smartphone makers should be mandated to enable this feature within a stipulated time. In its recommendations issued on Friday on calling name presentation (CNAP) service, the Telecommunications Regulatory Authority of India (Trai) said, "the government should issue appropriate instructions for making CNAP feature in all devices sold in India, after a suitable cutoff date, say after six months from the date of notification." The pan-India implementation of CNAP shall precede with trials in one license service area where all operators must participate.

<https://economictimes.indiatimes.com/industry/telecom/telecom-policy/trai-recommends-mandatory-call-name-display-to-curb-spam/articleshow/107952540.cms>

States

Bihar govt, SIDBI join hands to collaborate on enhancing startup ecosystem

The Bihar government and the Small Industries Development Bank of India (SIDBI) have signed an MoU in a bid to boost the startup ecosystem in the eastern state, officials said. The initiative is aimed at creating a conducive environment for startups and transforming Bihar into a startup hub, a SIDBI release said. "The Bihar Startup Fund Trust (BSFT) and SIDBI entered into an MoU to administer the Rs 50-crore Bihar Startup Scale-up Financing Fund' (BSSFF), it said.

https://www.business-standard.com/industry/news/bihar-govt-sidbi-join-hands-to-collaborate-on-enhancing-startup-ecosystem-124022400282_1.html

Odisha approves 27 new industrial projects worth Rs 6,134 crore

The Odisha government has approved 27 new industrial projects to the tune of Rs 6,134 crore across sectors, a senior official said on Saturday. The proposals got the state government's nod at a meeting chaired by Chief Secretary P K Jena on Friday. The potential sectors include aluminium, renewable power, manufacturing, aerospace and defence, food processing, apparel and textiles and IT infrastructure, the official said.

The proposed projects are likely to create employment for 42,275 people, Jena said.

https://www.business-standard.com/industry/news/odisha-approves-27-new-industrial-projects-worth-rs-6-134-crore-124022400195_1.html

Healthcare

AYUSH hospital, critical care unit in Aundh inaugurated by PM through video conferencing

A 30-bed AYUSH hospital and a 100-bed critical care unit in Aundh in Pune were among the several medical facilities inaugurated by Prime Minister Narendra Modi through video conferencing from an event held in Rajkot in Gujarat on Sunday. The Rs 8 crore hospital has been built under the National AYUSH Abhiyan and the facilities include a Yoga room, waiting area etc, officials said. Ayurvedic, Panchkarma and other AYUSH treatments will be offered free, they added. The 100-bed critical care unit at the district hospital entails a cost of Rs 40 crore, the officials said.

<https://economictimes.indiatimes.com/news/india/ayush-hospital-critical-care-unit-in-aundh-inaugurated-by-pm-through-video-conferencing/articleshow/107989409.cms>

External

Imports of paper, paperboards rise 37% in Apr-Dec FY23, says IPMA

Imports of paper and paperboards have increased by 37 per cent to around 1.47 million tonnes in April-December this fiscal, which have hit the local paper mills, an industry body said on Sunday. Paper and paperboard imports were around 1.07 million tonnes in the corresponding period of the last fiscal year, the Indian Paper Manufacturers Association (IPMA) said while citing DGCI&S data.

https://www.business-standard.com/industry/news/imports-of-paper-paperboards-rise-37-in-apr-dec-fy23-says-ipma-124022500124_1.html

India's steel exports at 18-month high in January

India's monthly steel exports hit a 18-month high to 1.1 million tonne in January 2024 on increased demand from the European Union and supportive global prices, SteelMint said. Besides, competitive domestic prices of steel contributed to rise in export, the research firm said in its latest report. The outbound shipment of steel in January 2023 was 0.67 million tonne, as per SteelMint data.

<https://www.financialexpress.com/business/industry-indias-steel-exports-at-18-month-high-in-january-3404517/>

Exports venturing into uncharted territories of Africa, Central Asia, European regions: Commerce Ministry

At a time when global trade is facing geo-political uncertainties, India's exports of goods like automobiles and gold jewellery have ventured into uncharted territories of Central Asia, Africa and Latin America, according to an analysis by the commerce ministry. The analysis has shown that India has penetrated into what are termed as "absolutely new markets" in regions such as Africa, Central Asia, Latin America and North America during April-December 2023.

<https://www.financialexpress.com/policy/economy-exports-venturing-into-uncharted-territories-of-africa-central-asia-european-regions-comm-min-3404437/>

Jewellery, auto exports tap Africa, Central Asia

At a time when global trade is facing geo-political uncertainties, India's exports of goods like automobiles and gold jewellery have ventured into uncharted territories of Central Asia, Africa and Latin America, as per an analysis by the commerce ministry. The analysis has shown that India has penetrated into what are termed as "absolutely new markets" in regions such as Africa, Central Asia, Latin America and North America during April-December 2023. The "absolutely new markets" refer to areas where India did not see any export during April-December 2022, but healthy growth of certain principal commodities like motor vehicles, two- and three-wheelers, petroleum products, sugar, gold and other precious jewellery were recorded in April-December 2023.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/jewellery-auto-exports-tap-africa-c-asia/articleshow/107990930.cms>

India, US to hold homeland security talks

After a gap of two years, India and the United States are expected to hold the Homeland Security Dialogue on February 28, 2024, officials have said. Union home secretary Ajay Bhalla will lead the talks with his US counterpart. The two sides are expected to discuss cooperation in counterterrorism, cyber security, illegal mobility, extradition, aviation security, global supply chain and maritime security among others. The homeland security dialogue was last held in January 2022. According to North Block officials, senior officers from the two sides will participate in the day-long meeting. India is expected to hand over a list of more than 100 fugitives wanted by law enforcement agencies who have taken shelter in the US, according to those familiar with the details.

<https://economictimes.indiatimes.com/news/india/india-us-to-hold-homeland-security-talks/articleshow/107990804.cms>

UAE coming out of FATF 'grey list' is good news for India

Indian finance companies scouting for foreign equity, startups hurt by funding winter, and private equity and venture capital funds wooing overseas investors would enjoy the spinoffs from the United Arab Emirates (UAE) shedding the stigma of being in the 'grey list' of the global anti-money laundering watchdog. Last Friday, the Financial Action Task Force (FATF), the inter-government body which leads the action to combat illegal and suspicious fund flows, removed UAE from the category of "jurisdictions under increased monitoring" -- better known as the grey list. The country was put on the grey list in March 2022.

<https://economictimes.indiatimes.com/news/india/uae-coming-out-of-grey-list-is-good-news-for-india/articleshow/107989569.cms>