



February 27, 2024 – Tuesday

Economy

Food weighting in India's consumer price index may be cut as spending shifts: Official

Food is likely to have a smaller weighting in India's consumer price index in future, a government official said on Monday, a move that could make consumer inflation less volatile after a major household survey showed lower spending on food. Food's weighting in the consumer price index could be lowered in the next revision of the basket of goods due to be completed by next year, the official who declined to be identified told Reuters. The government's statistics ministry did not immediately respond to a request for comment.

<https://economictimes.indiatimes.com/news/economy/policy/food-weighting-in-indias-consumer-price-index-may-be-cut-as-spending-shifts-official/articleshow/108017656.cms>

After HCES, need new approach to define poverty line: Pronab Sen

The government should start considering a new approach to define the poverty line, to determine how many people cannot afford basic services, in the light of new consumption estimates, former chief statistician of India, Pronab Sen told ET. "We have new estimates (after the release of the Household Consumption Expenditure Survey 2022-23 on Saturday), and questions of applicability of older poverty lines will be raised by many," Sen said, noting the need to revise poverty calculations. In India, the methodology for calculating poverty estimates was last devised in 2014 by an expert group headed by former Reserve Bank of India governor C Rangarajan after experts had raised concerns regarding the poverty line constituted by the Suresh Tendulkar-led committee as being too low. However, the government has since moved away from income-based poverty lines and uses a multidimensional poverty index, which considers a wider range of parameters besides income. The Household Consumption Expenditure Survey (HCES) is expected to start the debate on whether older committee reports can be taken as a benchmark, Sen said.

<https://economictimes.indiatimes.com/news/india/after-hces-need-new-approach-to-define-poverty-line-pronab-sen/articleshow/108022154.cms>

Real GDP growth likely expanded by 7% in December quarter: Report

The country's real GDP growth for the December quarter is all set to come at a higher-than-anticipated 7 per cent, a German brokerage said on Monday. "We are forecasting October-December 2023 real GDP to have grown 7.0 per cent year-on-year during the quarter, which is higher than what we had previously anticipated," analysts at Deutsche Bank said in a note. The official data on quarterly growth will be released on February 29. In the three months ended September 2023, the economy had clocked a 7.6 per cent growth. The German brokerage said its estimate is based on a proprietary index of five high-frequency indicators, including industrial production, exports, non-oil-non-gold imports, bank credit and consumer goods.

https://www.business-standard.com/economy/news/real-gdp-growth-likely-expanded-by-7-in-december-quarter-report-124022600821_1.html

ET poll sees India's growth at 6.6% in Q3, 7% for FY24

India likely grew 6.6% in the third quarter this fiscal year, according to the median of estimates in an ET poll of 15 economists, decelerating from 7.6% in the preceding three months. Forecasts ranged from 6% to 7.2% for the quarter ended December. The Reserve Bank of India estimates the economy to have grown 6.5% in the period. The government is scheduled to release the data on Thursday. "A slowdown in state-led capex, which has been propelling investment, likely contributed to the expected deceleration in Q3," said Rahul Bajoria, managing director and head of EM Asia (ex-China) economics at Barclays. Experts said the agriculture sector may have also contributed to the slowdown, even as industry and services kept the economy growing. "The agricultural sector is expected to experience a pronounced slowdown due to diminished rainfall activity and subsequent declines in reservoir levels," said Rajani Sinha, chief economist at CareEdge. "After a lower-than-projected kharif output, rabi sowing has exhibited a sluggish trend through most of the season, except for an uptick in the last couple of weeks," Sinha said. <https://economictimes.indiatimes.com/news/economy/indicators/et-poll-sees-indias-growth-at-6-6-in-q3-7-for-fy24/articleshow/108025396.cms>

Finance

Nirmala Sitharaman asks RBI to hold monthly meetings with startup, fintech firms

Finance Minister Nirmala Sitharaman on Monday asked Reserve Bank of India to hold monthly meetings with startup and fintech firms to address their concerns, officials said. The minister made the suggestion at a meeting with startup and fintech eco system entities that was attended by top executives of about 50 firms, including Razorpay, CRED, and venture capital firm PeakXV. "Finance Minister suggested that RBI may hold a meeting on a fixed day every month via virtual mode with the startup and fintech firms to address their concerns and issues," one of the officials said.

<https://economictimes.indiatimes.com/industry/banking/finance/nirmala-sitharaman-asks-rbi-to-hold-monthly-meetings-with-startup-fintech-firms/articleshow/108019232.cms>

Govt may look at enhanced KYC requirements for certain class of corporates

The government might look at enhancing the scrutiny of certain class of corporates, including in terms of KYC requirements, as efforts continue to weed out unscrupulous elements and curb possible misdoings, according to a senior official. The matters related to KYC (Know Your Customer), including a simplified and uniform system, are still under discussion, and a committee headed by the finance secretary is looking into various aspects. The senior official on Monday said that various aspects related to having a uniform KYC are being discussed and in the case of the corporate affairs ministry, Permanent Account Number (PAN) is being used for KYC requirements.

<https://economictimes.indiatimes.com/news/economy/policy/govt-may-look-at-enhanced-kyc-requirements-for-certain-class-of-corporates/articleshow/108014710.cms>

RBI lifting curbs on forex non-deliverable forward arbitrage by banks

India's central bank is easing restrictions on banks' arbitrage trades between the outright foreign exchange over-the-counter (OTC) and the non-deliverable forward (NDF) markets, four people familiar with the matter said. The Reserve Bank of India (RBI) has allowed banks, that have made requests, to resume such trades, a person directly familiar with the central bank's thinking said. "There have been banks who have called and asked whether they can start doing it," and the central bank has approved, this person said.

https://www.business-standard.com/finance/news/rbi-lifting-curbs-on-forex-non-deliverable-forward-arbitrage-by-banks-124022600463_1.html

Govt's dividend income from RBI in FY25 to be similar to FY24: Report

The Indian government expects its dividend income from the Reserve Bank of India for the current financial year ending March to stay at levels similar to the last financial year, a government source told reporters on Monday. The Reserve Bank of India board had approved a transfer of 874.16 billion rupees (\$10.55 billion) as surplus to the government for fiscal year 2022/23, which was paid in May 2023 and gets accounted in fiscal 2024 for the government.

https://www.business-standard.com/economy/news/govt-s-dividend-income-from-rbi-in-fy25-to-be-similar-to-fy24-report-124022600618_1.html

Govt spent 80% of revised FY24 capex outlay

The government has spent 80% of its revised FY24 budgetary allocation for capital expenditure and 79% of revenue spending until January, a senior official said on Monday, exuding confidence that the revised fiscal deficit target of 5.8% of gross domestic product (GDP) will be met this financial year. In the revised estimate for FY24, the government pegged its budgetary capex outlay at ₹9.5 lakh crore and revenue spending at ₹35.4 lakh crore. The official said the collections under various small savings scheme remain healthy this fiscal and will be in sync with the revised estimate. The net mop-up for senior citizens breached ₹90,000 crore as of end-January this fiscal, way above that of ₹37,362 crore in the whole of FY23. The surge is mainly driven by the 2023 Budget move to double the deposit limit under the scheme to ₹30 lakh.

<https://economictimes.indiatimes.com/news/economy/indicators/govt-spent-80-of-revised-fy24-capex-outlay/articleshow/108022145.cms>

GIFT City taps RBI for RTGS-like dollar payment system

Officials from the GIFT City have reached out to the Reserve Bank of India (RBI) for consultations in setting up a dollar payment system mechanism that aims to bring about greater efficiency in transactions conducted in the US currency, sources aware of the developments told ET. "There are initial discussions about this matter because at present when a dollar transaction happens from one bank's nostro account abroad, it takes several hours for a subsidiary in GIFT City to receive the dollars," one of the sources said. A potentially new dollar payment system could be akin to the existing Real-Time Gross Settlement System (RTGS), said the source.

<https://economictimes.indiatimes.com/industry/banking/finance/gift-city-taps-rbi-for-rtgs-like-dollar-payment-system/articleshow/108022156.cms>

Industry

MCA to refer larger unlisted firms governance framework matter to CLC next month

The Ministry of Corporate Affairs (MCA) will next month refer the crucial issue of framing stricter governance framework for larger unlisted companies to the Company Law Committee (CLC). This panel, whose tenure was extended by a year in September last year, will be required to submit its report in 2-3 months, sources in the MCA said. "The CLC has already met once. It will meet again next month and will be given the task of looking at recommending a right regulatory framework for large unlisted companies," sources added.

<https://www.thehindubusinessline.com/economy/mca-to-refer-larger-unlisted-firms-governance-framework-matter-to-clc-next-month/article67887685.ece>

Govt's semiconductor strategy makes progress with \$21 billion in proposals

The Indian government, after years of watching from the sidelines of the chips race, now has to evaluate \$21 billion of semiconductor proposals and divvy up taxpayer support between foreign chipmakers, local champions or some combination of the two. Israel's Tower Semiconductor Ltd. is proposing a \$9 billion plant, while India's Tata Group has put forward an \$8 billion chip fabrication unit, people familiar matter said. Both projects would be in Prime Minister Narendra Modi's home state of Gujarat, the people said, declining to be named as the matter is not public.

https://www.business-standard.com/industry/news/govt-s-semiconductor-strategy-makes-progress-with-21-billion-in-proposals-124022600446_1.html

Consumer goods companies set to raise prices by 2-4% in 2024

Consumer goods makers said there will be a "modest increase" of 2-4% in product prices in 2024 due to year-on-year inflation in some commodities and higher wage costs, which will help to improve price-led growth of the fast moving consumer goods (FMCG) industry. Companies such as Godrej Consumer Products, Dabur and Emami said price-led growth will be back for the industry. India's largest FMCG firm Hindustan Unilever (HUL) too expects some improvement. Dabur said it has increased prices by 2.5% across its food portfolio, while Emami said it is looking at around 3% price hikes this year. Dabur India chief executive officer, Mohit Malhotra said the mix of inflation is moving towards food. For instance, if we look at food, cereals and spices, they are still in double-digit inflation, which is not very good. It went down, but it's picked up again, he said.

<https://economictimes.indiatimes.com/industry/cons-products/fmcg/consumer-goods-companies-set-to-raise-prices-by-2-4-in-2024/articleshow/108021970.cms>

Passenger vehicles stay ahead of the curve for 2nd month in calendar year

Passenger vehicle makers in February are estimated to dispatch 360,000 units to their dealers, the highest ever for February in any year. Sustained demand, coupled with new model launches, is likely to notch up sales by 8% year-on-year, as per industry estimates. It would be the first time in seven years when February will see two consecutive years of growth on YoY basis. In the first 10 months of FY24, passenger car makers sold 3.46 million vehicles, up 7.8% year-on-year. A swelling inventory at the sales channels - 300,000 units at the end of February from 262,000 to 263,000 units in the beginning of the month is prompting companies to tread with caution. "In line with the expectations, though the overall demand remains strong, bookings have seen a decline of 4-5% year on-year as the pent-up demand is behind us and supplies have fully caught up with demand," said Shashank Srivastava, senior executive officer - sales and marketing, at car market leader Maruti Suzuki India.

<https://economictimes.indiatimes.com/industry/auto/auto-news/passenger-vehicles-stay-ahead-of-the-curve-for-2nd-month-in-calendar-year/articleshow/108021664.cms>

Three-wheelers segment charged up with electric vehicle transition

Rajesh M, a three-wheeler driver in New Delhi, is preoccupied with paperwork for a change, and for good reason. Instead of chasing passengers, he's busy planning to buy a new three-wheeler, but an electric one. Rajesh was persuaded to bet on electric after friends vouched for lower fuel cost. "They were making more than me just because of cheaper fuel," he explains. On an average, drivers spend Rs 450 per day on compressed natural gas (CNG), which fuels three-wheelers in the national capital. Electric vehicle drivers, on the other hand, spend Rs 200 daily, according to industry estimates.

https://www.business-standard.com/industry/news/three-wheelers-segment-charged-up-with-electric-vehicle-transition-124022500393_1.html

Steel trade deficit widens to over ₹11,500 crore as India continues to be net importer for April - Jan period

India's steel trade deficit widened to over ₹11,500 crore for April - January period, up 30 per cent in a one-month-period and 15 per cent on a y-o-y basis, as imports from China continued to surge, up 80 per cent-odd on a y-o-y basis a Steel Ministry report reviewed by businessline, said. The country was a net importer of steel for the period under review with 6.8 mt (up 35 per cent) coming in, as against export which stood at 5.5 mt (up 3.6 per cent). As per the report, import of total finished steel was valued at ₹56,461 crores (\$6,822 million) whereas export of total finished steel was valued at ₹44,898 crores (\$5,425 million) for the April to January (10M FY24) period. In comparison, trade deficit for nine-months (April - Dec) stood at ₹8,888 crore, with imports being valued at ₹48,027 crore, whereas exports stood at ₹39,139 crore. In the year ago period (10-Months FY23), India despite being a net exporter of steel reported a trade deficit of ₹10,071 crore. Imports stood at ₹54,534 crore, whereas exports were valued at ₹44,463 crore.

<https://www.thehindubusinessline.com/markets/commodities/steel-trade-deficit-widens-to-over-rs-11500-crore-as-india-continues-to-be-net-importer-for-april-jan-period/article67888103.ece>

Rise of conscious consumerism to fuel a traceability reboot in jewellery industry

For the last few years, consumer preferences in India have been undergoing a profound transformation, with a distinct shift towards conscious consumerism which means evaluating the social, economic and environmental and economic consequences of making a purchase. According to PwC Global Consumer Insights Pulse Survey February 2023, over 70 per cent respondents mentioned that they were willing to spend more for sustainably produced goods 'to some or to a great extent'. Indian consumers are also increasingly becoming conscious.

<https://www.financialexpress.com/business/industry-rise-of-conscious-consumerism-to-fuel-a-traceability-reboot-in-jewellery-industry-3405915/>

Regulator moves to check import of fake cosmetics

The Drugs Controller General of India (DCGI) has asked importers of cosmetics to provide information on consignments coming into the country, as it looks to prevent sale of unregulated and fake products, according to people aware of the development. The regulator has sought information on the number of consignments, their bills, the quantity imported, and cost of imported cosmetics, among other details. The importers ET spoke with confirmed receiving the DCGI's notice. Earlier, the DCGI had issued show-cause notices to ecommerce portals for the selling

and distribution of spurious, adulterated cosmetics and cosmetics manufactured without valid licence in contravention of the Drugs and Cosmetics Act, 1940.

<https://economictimes.indiatimes.com/industry/cons-products/fashion/-/cosmetics/-/jewellery/regulator-moves-to-check-import-of-fake-cosmetics/articleshow/108022157.cms>

Agriculture

Maharashtra, one of the successful States in implementing PMFBY, says Centre

The Pradhan Mantri Fasal Bima Yojana (PMFBY), introduced in the country during the Kharif 2016 season, has been a subject of contention in Maharashtra. While farmers' organisations in the State have criticised the scheme, alleging it has failed to assist farmers, the Union government has declared Maharashtra as one of the "major" successful States in implementing the scheme.

<https://www.thehindubusinessline.com/economy/agri-business/maharashtra-one-of-the-successful-states-in-implementing-pmfby-says-centre/article67887517.ece>

Maharashtra mills seek increase in minimum selling price of sugar

Sugar mills in Maharashtra are facing a critical battle for an increase in the Minimum Selling Price (MSP) of sugar. They argue that it is necessary to prevent the majority of mills from permanent closure. The Maharashtra State Co-operative Sugar Factories Federation Limited said failure to increase the MSP in line with the Fair and Remunerative Price (FRP) could have dire consequences.

<https://www.thehindubusinessline.com/economy/agri-business/maharashtra-mills-seek-increase-in-minimum-selling-price-of-sugar/article67887462.ece>

Infrastructure

PM Modi unveil projects worth Rs 41,000 crore for Indian Railways

Prime Minister Narendra Modi inaugurates 554 railway stations as part of the Amrit Bharat Station Scheme on February 26 via video conference. Additionally, he lays the foundation stone for approximately 1,500 road overpasses and underpasses across various states during a virtual event that was held at over 2,000 railway stations and function sites. The entire initiative costs Rs 41,000 crore. The Amrit Bharat stations, spanning 27 states and Union Territories, will undergo redevelopment at a budget exceeding Rs 19,000 crores. These stations will serve as urban hubs, bringing both sides of cities together and offering modern passenger amenities like roof plazas, shopping zones, intermodal connectivity, children's play areas, kiosks, and food courts.

https://www.business-standard.com/industry/news/pm-modi-to-unveil-projects-worth-rs-41-000-crore-for-indian-railways-124022600220_1.html

Energy

India sees higher peak in electricity demand as power consumption surges

India has raised its forecast on peak electricity demand as energy consumption continues to outpace expectations, pushing the nation to expand its giant coal fleet. Government officials now expect electricity demand to surge to a high of 384 gigawatts in the 12 months through March 2032, a 5 per cent increase on an estimate issued in May, according to people familiar with the details.

https://www.business-standard.com/economy/news/india-sees-higher-peak-in-electricity-demand-as-power-consumption-surges-124022600359_1.html

Coal sector contributes Rs 70,000 cr every yr to Centre, states: Govt

The coal sector contributes over Rs 70,000 crore every year to the Centre and states, through GST, royalties and other levies, the government said on Monday. These funds play a significant role in the socio-economic development and infrastructure enhancement in those coal-bearing areas, the coal ministry said in a statement. "The coal sector contributes over Rs 70,000 crore annually to the Centre and state governments through royalties, GST, and other levies," the statement said. "Coal production generates substantial revenue for both Centre and state governments, with royalty collections reaching Rs 23,184.86 crore in the fiscal year 2022-23," the statement said.

https://www.business-standard.com/economy/news/coal-sector-contributes-rs-70-000-cr-every-yr-to-centre-states-govt-124022601061_1.html

External

Yellow peas import allowed after registration under monitoring system: DGFT

Import of yellow peas is allowed after registration under the import monitoring system with immediate effect for all consignments where bill of lading (shipped on board) is issued on or before April 30, according to a commerce ministry notification. The Directorate General of Foreign Trade (DGFT) said the import is permitted without the MIP (Minimum Import Price) and port restriction conditions.

https://www.business-standard.com/industry/news/yellow-peas-import-allowed-after-registration-under-monitoring-system-dgft-124022600623_1.html

India may face 10.5% implicit VAT on production under CBAM regime: Study

Production in India may implicitly face tariffs to the tune of 10.5 per cent value-added tax (VAT) if the European Union's (EU's) Carbon Border Adjustment Mechanism (CBAM) comes into effect, according to a study by the Asian Development Bank (ADB) published on Monday. CBAM is a carbon tariff on carbon-intensive products like steel, cement and some electricity imported to the EU. Legislated as part of the European Green Deal, it comes into effect in 2026, with reporting starting in 2023.

https://www.business-standard.com/economy/news/india-may-face-10-5-implicit-vat-on-production-under-cbam-regime-study-124022600815_1.html

Govt mulls export tax on low-grade iron ore amid call to curb overseas sale

India is considering an export tax on low-grade iron ore after small steel producers urged the government to curb its overseas sales, two sources directly involved in the matter said. China typically accounts for more than 90 per cent of overall shipments of iron ore from India, which is the world's fourth largest producer of the steel-making ingredient.

https://www.business-standard.com/industry/news/govt-mulls-export-tax-on-low-grade-iron-ore-amid-call-to-curb-overseas-sale-124022600833_1.html

WTO backs India's pitch to cut remittance cost

India's proposal to lower the cost of cross-border remittances has found support from many World Trade Organization members including the European Union, officials said. Except for the US, most countries have favoured a work programme at the WTO for cheaper, faster and more accessible cross-border payments including remittances. Separately, Indonesia has backed New Delhi's proposal to reinvigorate the work under the Work Programme on Electronic Commerce, which requires structured discussion on trade-related issues over global e-commerce, taking into account the economic, financial and development needs of developing countries.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/wto-backs-indias-pitch-to-cut-remittance-cost/articleshow/108025402.cms>

Govt seeks solution to long-pending food stockpile issue at WTO meet

India on Monday called on WTO members to find a permanent solution to the long-pending public food stockpile issue, saying it is directly related to achieving the sustainable development goal of zero hunger by 2030. Commerce and Industry Minister Piyush Goyal said that the World Trade Organisation (WTO) should not negotiate rules on non-trade-related subjects like climate change, gender, and labour and rather these should be addressed in respective intergovernmental organizations.

https://www.business-standard.com/economy/news/govt-seeks-solution-to-long-pending-food-stockpile-issue-at-wto-meet-124022600727_1.html

India expresses serious concerns in WTO meet over unilateral protectionist measures

India on Monday expressed "serious" concerns in a WTO meeting in Abu Dhabi over increase in the use of trade protectionist measures by certain countries in the name of environment protection. The remarks assume significance as the country has earlier flagged issues over the European Union's (EU) decision to impose carbon tax

(a kind of import tax) on sectors such as steel and fertiliser; and adoption of deforestation regulation by the 27-nation bloc. Speaking at a session on sustainable development and policy space for industrialisation, Commerce Secretary Sunil Barthwal said developing countries require flexibility in the existing WTO (World Trade Organization) agreements to overcome the constraints faced by them in their industrialisation.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-expresses-serious-concerns-in-wto-meet-over-unilateral-protectionist-measures/articleshow/108019396.cms>

Govt mulls minimum import price on tur dal

To prevent price manipulations by traders, the government is considering a proposal to impose a minimum import price (MIP) for tur dal, a chunk of it is imported from Myanmar and a few African countries including Malawi and Mozambique. An official said as the country sources the pulses variety from a few countries, some importers taking advantage of situations are pushing prices up causing a spike in domestic prices.

<https://www.financialexpress.com/policy/economy-govt-mulls-minimum-import-price-on-tur-dal-3404697/>

Mauritius Cabinet approves amending India-Mauritius DTAA for BEPS Minimum Standards compliance

Mauritius Government has decided to amend Double Taxation Avoidance Agreement (DTAA) with India in order to go with OECD's proposal on Base Erosion and Profit Shifting. Experts say these amendments will result in more challenging norms for multinationals investing in India. "Cabinet has agreed to the signing of a Protocol to amend the Double Taxation Avoidance Convention between the Government of the Republic of Mauritius and the Government of the Republic of India in order to comply with the Base Erosion and Profit Shifting (BEPS) minimum standards of the Organisation for Economic Co-operation and Development (OECD)," highlights of Cabinet's decision posted on the website of Mauritius's Prime Minister office mentioned. The decision was taken on February 23.

<https://www.thehindubusinessline.com/economy/mauritius-cabinet-approves-amending-india-mauritius-dtaa-for-beps-minimum-standards-compliance/article67888325.ece>