



August 18, 2023 – Friday

Economy

Rainfall drops to 6% below average

From being 5% higher than the long period average (LPA), rainfall has gone down to 6% below LPA in the last two weeks of August in India. While soil moisture and reservoir levels have risen during July and sowing is almost over, agricultural experts are concerned about the yield of some crops such as pulses and spices in case a prolonged dry spell adds to inflationary pressures. "At the moment we are pretty much done with the sowing cycle and reservoir levels have also improved as rainfall was surplus in July except in the eastern region such as Bihar, West Bengal and eastern Uttar Pradesh," said Rahul Bajoria, head of EM Asia (ex-China), economics research, Barclays, adding that as we enter the El Nino phase, rainfall has become erratic, which could pose an upside risk to inflation.

<https://economictimes.indiatimes.com/news/india/rainfall-drops-to-6-below-average/articleshow/102812302.cms>

Retail prices of tomato may decline as wholesale rates fall over 30%

Tomatoes may soon be available for less than ₹100/kg at the local vegetable store as the wholesale rates of the kitchen staple have fallen by more than 30% at a leading tomato market in Maharashtra which supports supplies during the August-December period. The retail prices of vegetables in the consumption centres are usually double the wholesale rates or even higher, mainly due to addition of costs like transportation, market handling charges, commission of middlemen and the retail margins. Officials said the arrival of tomatoes at the Pimpalgaon Baswant market in Nashik, Maharashtra, increased by six times during the past week, while other major markets like Bengaluru have also started seeing more arrivals.

<https://economictimes.indiatimes.com/news/economy/agriculture/retail-prices-of-tomato-may-decline-as-wholesale-rates-fall-over-30/articleshow/102812015.cms>

Banking and Finance

I-CRR move to prevent 'asset price bubble': RBI's state of economy report

The Reserve Bank of India's (RBI's) state of the economy report on Thursday warned of asset price bubbles emanating from excess liquidity in the banking system due to weakening lending standards, while commenting on its recent incremental cash reserve ratio (I-CRR) mandate for banks. During the August review of the monetary policy, the RBI mandated scheduled banks to maintain an additional 10 per cent CRR on the increase in their net demand and time liabilities between May 19, 2023 and July 28, 2023. The I-CRR mandate came into effect from August 12, and the decision will be reviewed on or before September 8.

https://www.business-standard.com/markets/news/liquidity-splash-have-implications-for-asset-price-bubble-says-rbi-report-123081700781_1.html

RBI launches 'UDGAM', centralised web portal for unclaimed deposits

The Reserve Bank of India (RBI) on Thursday launched a centralised web portal UDGAM (Unclaimed Deposits – Gateway to Access inforMation), to make it easier for the public to search for their unclaimed deposits across multiple banks in one place. The web portal will help users identify and approach their banks for either claiming unclaimed deposits or making their deposit accounts operative at their banks, the central bank said in a release.

https://www.business-standard.com/economy/news/rbi-launches-udgam-centralised-web-portal-for-unclaimed-deposits-123081700637_1.html

Women-led MSMEs avail Rs 430 crore in loans in FY2023: Impact report

The NeoGrowth Impact Report 2023 found that in the financial year 2022-23, nearly Rs 1,900 crore in loans were disbursed to Micro, Small & Medium Enterprises (MSMEs), with Rs 430 crore being availed of by women-led MSMEs. This allocation accounted for more than 2,600 loans and made up 24 per cent of the total loans disbursed, highlighting the growing influence of women in the MSME sector.

https://www.business-standard.com/industry/news/women-led-msmes-avail-rs-430-crore-in-loans-in-fy2023-impact-report-123081700439_1.html

Banking agents take credit and insurance offerings to last mile

Fintech startups are not the only set of players expanding their product suite across lending and insurance; even last-mile banking agents are building a similar bouquet of products. After offering very basic banking services like payments, account opening and balance update for years, business correspondents (BCs) who run these physical agent networks in small towns and villages are getting into credit and insurance. "Large public sector banks have already enabled us for sourcing loans and we are doing some bit of collections for these banks too," said Ketan Doshi, managing director, PayPoint India.

<https://economictimes.indiatimes.com/tech/technology/banking-agents-take-credit-and-insurance-offerings-to-last-mile/articleshow/102811122.cms>

Employees' State Insurance Corporation adds 2 million subscribers in June

Formal job creation under the Employees' State Insurance (ESI) Scheme remained flat in June compared to May, with addition of 2.02 million new subscribers. The ESI Corporation had added 2.02 million subscribers in May and 1.78 million formal workers in April. As per the provisional payroll data of the ESIC, released by the labour and employment ministry on Thursday, around 24,298 new establishments were registered and brought under the social security umbrella of the ESIC in June, thus ensuring more coverage. This was, however, a tad lower than 24,886 new establishments added in May.

<https://economictimes.indiatimes.com/industry/banking/finance/insure/employees-state-insurance-corporation-adds-2-million-subscribers-in-june/articleshow/102812326.cms>

Industry

Cotton textile, apparel companies see 8-10% rise in exports

Cotton textile and garment exporters expect an 8-10% rise in outbound shipments in the next few months with the holiday season in the developed markets expected to bring relief even as apparel export slump continues with order deferments and requests for price cuts. Inflation and economic slowdown in advanced economies, coupled with piled up inventory since the pandemic, have caused India's apparel export clients to defer orders or request lower prices, said an industry representative. Exporters are looking forward to the Christmas season in the next quarter to alleviate the ongoing slump. "Cotton textile exports rose 6% in July and the July-September quarter is expected to maintain that momentum," said a representative from the cotton textile industry.

<https://economictimes.indiatimes.com/industry/cons-products/garments-/textiles/cotton-textile-apparel-companies-see-8-10-rise-in-exports/articleshow/102812192.cms>

Discounts, promos help smartphone cos cut inventory ahead of festivals

Smartphone brands are entering the festive season with six to eight weeks of inventory - which puts them in a much better situation than a year ago when there was a pile-up - and market trackers expect strong shipment growth this quarter, fuelled by affordable 5G smartphones. The inventory has come down significantly from the 12-13 weeks' pile-up by the end of the March quarter as a result of aggressive promotions, end-of-life discounting, and roping in of brand ambassadors, market trackers said.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/discounts-promos-help-smartphone-cos-cut-inventory-ahead-of-festivals/articleshow/102812382.cms>

PLI schemes in the works for toys, footwear & leather

Keeping with the objective of fuller utilisation of the ₹1.97-lakh crore allocation for the production linked incentive (PLI) scheme, the government is preparing to announce its extension to the toys and the footwear & leather sectors and Cabinet notes for both are at an advanced stage of finalisation, official sources have said. Extending the PLI scheme for manufacturing of train parts is also being considered by the Centre but the proposal is still at the discussion stage, a source tracking the developments told businessline.

<https://www.thehindubusinessline.com/economy/pli-schemes-for-toys-footwear-leather-in-the-offing-as-govt-aims-for-better-utilisation/article67206433.ece>

Centre aims at 60-80% local value addition in IT hardware in 5-10 years

The Centre has begun discussions on the ways in which global electronics firms can boost the local value addition in products which are assembled in India to 60-80 per cent in the next five-ten years, according to a report in The Economic Times (ET). ET quoted a source as saying that the Centre has asked industries operating in India to execute new production techniques, such as surface-mount technology (SMT) lines, to increase the local value-addition percentage.

https://www.business-standard.com/industry/news/centre-aims-at-60-80-local-value-addition-in-it-hardware-in-5-10-years-123081700338_1.html

Ecommerce, logistics firms gear up to deliver bumper festive season

Ecommerce and logistics companies have stepped up hiring of first-mile and last-mile delivery personnel ahead of the upcoming festive season, according to top industry officials. Companies across all segments of ecommerce and logistics are planning to hire two-three times more people (pickers, packers, loaders and warehouse and delivery persons) every month from September to November compared with a year earlier, said Pravin Agrawala, cofounder and group chief executive of frontline workforce management platform Betterplace. The estimate is based on the hiring demand already coming in.

<https://economictimes.indiatimes.com/tech/technology/e-commerce-logistics-firms-gear-up-to-deliver-bumper-festive-season/articleshow/102812042.cms>

Tepid demand hits businesses across apparel, footwear, fast food sectors as consumers tighten purse strings

With Indian consumers continuing to go slow on discretionary spending amid sticky inflation, companies across segments in the country are reporting tepid numbers. Lukewarm demand trends have become the norm for businesses ranging from fashion retailers to quick service restaurant (QSR), ToI reported on August 17. The demand situation is posing a challenge, as mentioned by a significant number of companies in their Q1 earnings statement. Businesses have now pinned their hopes on the festive season for a likely spending revival, the report said.

<https://economictimes.indiatimes.com/news/economy/indicators/tepid-demand-hits-businesses-across-segments-as-inflation-hit-consumers-tighten-purse-strings/articleshow/102796904.cms>

Manufacturing push unlikely to yield tangible results: UBS Securities India

The aggressive manufacturing push, especially in the electronics space, driven partly by the relocation of Asian supply chain away from China, is unlikely to yield any tangible results to India's growth at least in the next three years, according to a foreign brokerage. Tanvee Gupta-Jain, the chief economist at UBS Securities India, said that if the country continues to benefit from the supply chain shifts away from China and structural reforms, GDP should rise to 6.25-6.75 per cent annually by 2030 under an optimistic scenario and generate up to 4 million jobs annually.

https://www.business-standard.com/economy/news/manufacturing-push-unlikely-to-yield-tangible-results-ubs-securities-india-123081700692_1.html

2 out of 3 firms paying for employees' upskilling programme: Scaler survey

Edtech startup Scaler, in its 2023 hiring survey, stated that amid layoffs and a hiring freeze, Indian tech companies are relying on upskilling existing employees to bridge their talent gaps. The survey included over 100 startups, product multinationals, IT services and global capability centres (GCC) in the country. The survey reported that nearly two-thirds of the respondents were paying for their employees' upskilling programmes.

https://www.business-standard.com/industry/news/2-out-of-3-firms-paying-for-employees-upskilling-programme-scaler-survey-123081700449_1.html

Organised dairy industry revenue to rise 14-16 pc this fiscal on robust demand: Report

Strong demand for value added products and stable consumption of liquid milk will lead to a 14-16 per cent revenue growth for the organised dairy industry in 2023-24, a report said on Thursday. With raw milk supply improving, there will be fewer price hikes and profitability will recover 20-50 basis points, Crisil Ratings said in the report. "We believe the strong revenue growth in VAP (Value Added Products) seen over the past few years will continue. This fiscal, the segment should grow 18-20 per cent and consequently, the share of VAP in overall revenue could rise to 40 per cent from 35 per cent four fiscals back," Crisil Ratings Senior Director Mohit Makhija said.

<https://economictimes.indiatimes.com/industry/cons-products/food/organised-dairy-industry-revenue-to-rise-14-16-pc-this-fiscal-on-robust-demand-report/articleshow/102810756.cms>

Agriculture

Domestic consumption, Chinese market can lift Darjeeling tea: ITEA chairman

Only two markets can rescue Darjeeling tea – India and China, according to Indian Tea Exporters Association chairman, Anshuman Kanoria, who spoke on Thursday at an event. Kanoria noted that the highest price for tea in the world was paid by the Chinese consumer for Chinese tea, saying, "That is the consumer that understands quality."

https://www.business-standard.com/economy/news/domestic-consumption-chinese-market-can-lift-darjeeling-tea-itea-chairman-123081700795_1.html

Infrastructure

86% believe now is good time to buy property as rent prices go up: Report

NoBroker's "Real Estate Report 2022" showed that a staggering 86 per cent of survey participants believed that now was a good time to purchase property, with 77 per cent stating their intention to buy property in 2023 itself. Increased rent prices appeared to be the main reason for this. This is NoBroker's sixth annual report that sheds light on the evolving real estate trends and consumer behaviours. The website boasts that it saved Rs 4,000 crore in brokerage fees across major cities in 2022.

https://www.business-standard.com/industry/news/86-believe-now-is-good-time-to-buy-property-as-rent-prices-go-up-report-123081700723_1.html

Energy

Power demand heats up to record high of 233 Gw due to rising temperatures

India experienced a new peak in power demand, reaching a record 233 gigawatt (Gw) on Wednesday due to rising temperatures as the monsoon retreats across the country. As the formidable El Niño weather phenomenon reaches India, power demand is projected to remain elevated until October. This is also expected to exert pressure on domestic coal supply, as the months of August to October are crucial for the coal supply chain.

https://www.business-standard.com/economy/news/el-nino-to-prolong-dry-summer-monsoon-spikes-power-demand-to-historic-high-123081700602_1.html

Govt eyes ethanol to meet its 5% biodiesel blending target by 2030

The government is banking on ethanol to meet its target of blending 5 per cent biodiesel in diesel sales by 2030, officials said. Widely used in Europe, biodiesel refers to biodegradable fuel traditionally manufactured from vegetable oils, animal fats, or recycled restaurant grease.

https://www.business-standard.com/economy/news/centre-eyes-ethanol-to-meet-5-biodiesel-blending-target-by-2030-123081700708_1.html

States

Uttar Pradesh tops in attracting bank funds for projects

Uttar Pradesh topped the list of states that attracted investment funds from banks and financial institutions pushing Maharashtra behind in a year of record project sanctions, data from a study by RBI staff shows. The state accounted

for the highest share (16.2 per cent) in the total cost of projects sanctioned by banks/financial institutions, followed by Gujarat, Odisha, Maharashtra and Karnataka during 2022-23. The envisaged capital investments of private corporates, based on the projects sanctioned by banks and financial institutions, increased for the second consecutive year after remaining subdued during 2019-20 and 2020-21. The total cost of projects sanctioned during 2022-23 increased 6.7 percent over the previous year to a record high of Rs 2,66,547 crore.

<https://economictimes.indiatimes.com/news/economy/indicators/uttar-pradesh-tops-in-attracting-bank-funds-for-projects/articleshow/102810417.cms>

Healthcare

Corporate hospitals to see 8-10 pc revenue growth in FY24: Report

Corporate hospitals are set to clock an 8-10 per cent revenue growth and strong margins in the current fiscal, ICRA Ratings said in a report on Thursday. The rating agency maintained a stable outlook for the sector, saying the improving operating leverage, coupled with continued cost optimisation and digitisation measures, are expected to support a healthy operating margins of 22-23 per cent in 2023-24 (FY24). The report is based on the agency's sample of nine listed hospital chains -- Apollo Hospitals, Aster DM Healthcare, Fortis Healthcare, Healthcare Global Enterprises, Krishna Institute of Medical Sciences, Max Healthcare, Narayana Hrudayalaya, Rainbow Children's Medicare and Shalby Hospital.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/healthcare/corporate-hospitals-to-see-8-10-pc-revenue-growth-in-fy24-report/articleshow/102811643.cms>

External

Net FDI into India declines sharply to \$5 billion in Q1, shows data

Showing the effect of global slowdown, the net foreign direct investments (FDI) to India declined sharply to \$4.99 billion in the April-June quarter (Q1FY4) from \$13.92 billion in the same period a year ago. The Reserve Bank of India (RBI) in its monthly bulletin (August 2023) said the moderation in gross inward FDI, coupled with a rise in repatriation of investments from India, resulted in a decline in net FDI.

https://www.business-standard.com/markets/news/net-fdi-into-india-declines-sharply-to-5-billion-in-q1-shows-data-123081700821_1.html

India mulls wheat imports from Russia at discount to calm prices: Reports

India is in talks with Russia to import wheat at a discount to surging global prices in a rare move to boost supplies and curb food inflation ahead of state and national elections next year, according to four sources. The imports would allow New Delhi to intervene more effectively in the market to drive down wheat prices that stoked inflation to a 15-month high in July.

https://www.business-standard.com/economy/news/india-mulls-wheat-imports-from-russia-at-discount-to-calm-prices-reports-123081700282_1.html

Govt likely to slash duty on UK cars, scotch whisky under trade pact

India and the UK have softened positions on most of their points of contention as both nations try to wrap up trade talks ahead of expected national polls next year, according to people with the knowledge of the matter. While New Delhi has agreed to slash tariffs on British cars and scotch whisky, the UK is willing to relax some visa rules for Indian professionals, Indian officials said, asking not be identified as the discussions are private. Nevertheless, with immigration a politically sensitive subject in the UK, a British official indicated any visa relaxations are likely to be limited.

https://www.business-standard.com/economy/news/india-likely-to-slash-duty-on-uk-cars-scotch-whisky-under-trade-pact-123081700490_1.html

Laptop can be a quite potent source of leakage: Piyush Goyal on laptop import restriction

Union minister of commerce and industry Piyush Goyal on Thursday said that there are security concerns involved in the decision to restrict import of laptops. The minister said that there will be no disruption in the availability or

the price and the government will be ready to engage with industry and look at other options also. "Here is an issue, which is a serious security matter. Even Tesla car is not allowed anywhere near where Xi Jinping (President of China) is present. Because they're very conscious of the risks of security, even for a car being present in the vicinity of the premier of China. India also has to protect ourselves from countries who are antagonistic to India," Goyal said.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/laptop-can-be-a-quite-potent-source-of-leakage-piyush-goyal-on-laptop-import-restriction/articleshow/102811751.cms>

Imports of paper and paperboard up 39% in Q1FY24

India's imports of paper and paperboard accelerated by 39 per cent at 409 thousand tonnes in Q1FY24 over 294 thousand tonnes in Q1FY23, according to the latest data issued by the Directorate General of Commercial Intelligence & Statistics (DGCI&S). The surge in imports comes on the back of a 25 per cent increase in paper and paperboard imports in entire FY23 over FY22. In value terms too, the imports accelerated by nearly 28 per cent during the quarter to stand at ₹3,153 crore. In FY23, ₹12,531 crore worth of paper and paperboard was imported.

<https://www.thehindubusinessline.com/economy/imports-of-paper-and-paperboard-up-39-in-q1fy24/article67204962.ece>