



August 30, 2023 – Wednesday

Economy

Private sector capex has taken off, says Finance Minister Nirmala Sitharaman

India's private sector has started to invest, and the economy will do well in the coming quarters, finance minister Nirmala Sitharaman said, while exuding confidence that India will be able to manage the spillovers of high US interest rates. In a freewheeling interview with ET, Sitharaman said Prime Minister Narendra Modi will return to power in 2024 with "good numbers" as the government had delivered on its promises.

<https://economictimes.indiatimes.com/news/economy/finance/private-sector-capex-has-taken-off-says-finance-minister-nirmala-sitharaman/articleshow/103188833.cms>

India inflation to stay above 6% target until October at least: economists

India's inflation rate will remain above the Reserve Bank of India's upper tolerance band of 6% at least until October, according to a Reuters poll of economists who sharply upgraded their price-rise forecasts for this quarter. Consumer prices in Asia's third-largest economy rose at the fastest annual rate in the 15 months in July, to 7.44% from 4.87% in June, largely driven by a sharp increase in prices of essential foods commonly used in Indian kitchens. That sudden spike in inflation was likely to stay elevated for at least a few more months, the Aug. 18-28 Reuters poll of economists showed. Nearly 75% of respondents to an additional question, 33 of 45, said inflation would fall to within the RBI's 2-6% target range in the next quarter or beyond. Of those respondents, 27 expected it in the October-December quarter, while six said first half of next year. Only two said it would fall back in August and 10 said in September of this year. Of those respondents, 27 expected it in the October-December quarter, while six said first half of next year. Only two said it would fall back in August and 10 said in September of this year.

<https://economictimes.indiatimes.com/news/economy/indicators/india-inflation-to-stay-above-6-target-until-october-at-least-economists/articleshow/103174933.cms>

Erratic monsoon fuels inflation, affects rural demand: CARE Ratings

The erratic monsoon, which is affecting sowing, and global developments will keep the food inflation at elevated levels and would also hit the demand in rural India owing to lower income and inflation, said CARE Ratings in a report. The government's budgeted cuts on subsidies introduced during the pandemic can further weaken rural demand, it added. According to the report titled 'Erratic Monsoon, Food Prices, and Rural Demand', an uneven monsoon increases the risk to domestic food prices, while global developments don't support domestic inflationary conditions either.

<https://economictimes.indiatimes.com/news/economy/indicators/erratic-monsoon-fuels-inflation-affects-rural-demand-care-ratings/articleshow/103180731.cms>

NITI Aayog, UNDP partner to further India's sustainable development goals

NITI Aayog and the United Nations Development Programme (UNDP) will create a framework to better cooperate in various areas to help progress India's sustainable development goals (SDGs). The two organisations signed a memorandum of understanding (MoU) on Tuesday to formalise the cooperation on areas including SDG localisation, data-driven monitoring, and aspirational districts & blocks, among others.

https://www.business-standard.com/india-news/niti-aayog-undp-partner-to-further-india-s-sustainable-development-goals-123082900970_1.html

NITI Aayog working on policy to improve elderly care in the works

NITI Aayog is firming up a policy prescription for enhancing elderly care in the country with a focus on public-private partnership to set up old-age homes, convergence of existing schemes related to the elderly and pitching for higher resources to be allocated to the sector to significantly ramp up care for senior citizens as the country expects 19% of its population, or 300 million people, to be above 60 years of age by 2050. A senior government official told ET that the Aayog will soon come up with a policy paper that will lay out a roadmap to integrate existing schemes, enhance allocations and incentivise the private sector to invest in the sector in a big way. "The idea is to have a comprehensive system in place by the time India becomes an ageing country so that all needs of the elderly, be it related to health or care in general, are met," the official said.

<https://economictimes.indiatimes.com/news/economy/policy/niti-aayog-working-on-policy-to-improve-elderly-care-in-the-works/articleshow/103184772.cms>

Banking and Finance

Centre likely to infuse capital in certain regional rural banks in FY24

The Centre is likely to infuse capital in certain regional rural banks (RRBs) during 2023-24, depending on their performance and adoption of digitisation. Union Finance Minister Nirmala Sitharaman will hold a review meeting with chairpersons and senior officials of RRBs from the Northern region in New Delhi on Wednesday. "The deliberations will revolve around the financial performance of RRBs such as credit-deposit ratio, gross non-performing assets (gross NPAs) and provision coverage ratio (PCR), among others," a senior finance ministry official said.

https://www.business-standard.com/economy/news/fm-sitharaman-to-chair-review-meeting-of-rrbs-from-northern-region-123082901108_1.html

Borrowing falls sharply, 8 states raise Rs 15,900 crore, 45 pc less than indicated: Report

Eight states raised Rs 15,900 crore from auctioning their debt, or state government securities, on Tuesday at a coupon of 7.42 per cent, 6 basis points (bps) less than the previous auction. The debt raising of Rs 15,900 crore was nearly 45 per cent lower than the indicated amount for the week in the auction calendar, Icria Ratings said in a note. Despite the increase in the weighted average tenor to 14 years from 11 years, the weighted average cut-off dipped to 7.42 per cent in the auction, down from 7.48 per cent in the auction last week, following softening in the yield of Government Securities (G-Secs) across tenors.

<https://economictimes.indiatimes.com/news/economy/indicators/borrowing-falls-sharply-8-states-raise-rs-15900-crore-45-pc-less-than-indicated-report/articleshow/103181750.cms>

GST: CBIC set to roll out Aadhaar authentication for high-risk applicants

The Central Board of Indirect Taxes and Customs (CBIC) will roll out a biometric-based Aadhaar authentication system for the high risk applicants for the Goods and Services Tax (GST) registration based on data analytics and risk parameters. In an internal communication sent to the zonal offices, CBIC said that the Goods and Services Tax Network (GSTN) is ready with the system and the facility would be initially launched in Puducherry on August 30. Subsequently, it will be implemented in other states and Union territories in a phased manner. The GSTN had earlier already issued an advisory for the process.

<https://economictimes.indiatimes.com/news/economy/policy/gst-cbic-set-to-roll-out-aadhaar-authentication-for-high-risk-applicants/articleshow/103185022.cms>

SEBI proposes lower issue, application size for social stock exchanges

A SEBI committee has proposed reducing the threshold of the minimum issue size for not-for-profit organisations (NPOs) issuing Zero Coupon Zero Principle Instrument (ZCZP) on social stock exchanges to ₹50 lakh from ₹1 crore. It has proposed that the minimum application size may be reduced to ₹10,000 from ₹2 lakh currently. "SSE is at an initial stage and NPOs may find it difficult to raise ₹1 crore from a limited set of investors. Lowering the minimum

application size threshold will help large number of investors who may like to subscribe to ZCZP of more NPOs," the proposals said.

<https://www.thehindubusinessline.com/markets/sebi-proposes-lower-issue-application-size-for-social-stock-exchanges/article67248778.ece>

SEBI looks to ease norms for brokers, MFs

The Securities and Exchange Board of India has set up separate working groups for brokers and mutual funds to facilitate ease of doing business, in what is part of a broader initiative being driven by the Union government. The aim is to streamline compliance norms, reduce paperwork and reporting requirements. On the agenda could be pruning older regulations, easing KYC requirements and greater thrust on digitisation. The respective groups have held preliminary discussions and are expected to give out more detailed submissions to the regulator next month, said people in the know. The Association of Mutual Funds in India (AMFI) will seek feedback from various AMCs which will then be submitted to the working group.

<https://www.thehindubusinessline.com/markets/sebi-looks-to-ease-norms-for-brokers-mfs/article67248670.ece>

Industry

Centre extends PLI scheme for automotive sector by 1 yr until FY28

The government has decided to extend the Rs 25,938-crore production-linked incentive scheme for the automotive sector by one year, Union Heavy Industries Minister Mahendra Nath Pandey said on Tuesday. Post extension, the five-year scheme, originally in place from 2022-23 to 2026-27, will be active until 2027-28. At present, incentives are applicable under the scheme for determined sales of Advanced Automotive Technology (AAT) products (vehicles and components) manufactured in India from 1 April 2022 onwards for a period of five consecutive years. "The scheme is being extended by one year," the Heavy Industries Minister told PTI, after reviewing the performance of the scheme with stakeholders here.

https://www.business-standard.com/economy/news/centre-extends-pli-scheme-for-automotive-sector-by-1-yr-until-fy28-123082901176_1.html

Centre announces up to Rs 50 lakh grant for technical textiles startups

The government on Tuesday said it will provide a grant-in-aid of up to Rs 50 lakh for startups and individuals to promote innovation in the niche technical textiles segment. The Startup Guidelines for Technical Textiles - Grant for Research and Entrepreneurship across Aspiring Innovators in Technical Textiles (GREAT) providing grant-in-aid of up to Rs 50 lakh for up to a period of 18 months has been approved, Rajeev Saxena, Joint Secretary, Ministry of Textiles, said.

https://www.business-standard.com/economy/news/centre-announces-up-to-rs-50-lakh-grant-for-technical-textiles-startups-123082900683_1.html

India Inc's external borrowings down 68% in July

Funding raising by India Inc via external commercial borrowings declined about 68 per cent in July 2023 to \$2.55 billion, compared to \$7.88 billion in the preceding month. This comes against the backdrop of robust demand for credit from Banks. Bank credit grew by ₹4,09,804 crore between June 30, 2023, and July 28, 2023, per RBI data.

<https://www.thehindubusinessline.com/companies/india-incs-external-borrowings-down-68-in-july/article67249022.ece>

Weak monsoon may ruin festive season sales

Chief executives of automobile and electronic companies said sales recovery of mass and entry-level products may get pushed by up to 3-4 months from the earlier expectation of a sales spike during the festive season due to scanty rainfall in August, reports of continued scarcity in September leading to a weak overall monsoon, and inflation remaining higher than what was initially expected. Companies reported sales during Onam -- which heralds the festive season in India -- was skewed towards premium and high-mid range with mass product sales failing to pick up. To be fair, most companies grew sales by up to 20% in this year Onam over last year, but sales of entry level products remained largely flat, industry executives said. Electronic company Haier India president Satish NS said the scarcity of rainfall will have an impact on rural economy with food inflation not coming down as expected. "Overall

sales have grown in Onam by about 20-25% solely due to premium products with entry level products continues to be under stress. The mass segment may continue to remain under pressure in Diwali even though we were hopeful of a growth," he said.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/weak-monsoon-may-ruin-festive-season-sales/articleshow/103178338.cms>

Car inventory at dealerships may hit 4-year high

Car dealers in India are estimated to end the current month with a four-year high stock as automakers resorted to pumping up inventory in anticipation of a good festive season, driven by pricier SUVs. They are estimated to end the current month with stocks of 310,000-325,000 units worth ₹24,000-26,000 crore, equivalent to 8-9% of annual sales of a car company, as per industry estimates. The expected inventory is a 7.6% jump from September 2019 levels when car inventory had reached around 300,000 units. The sales push also comes as companies seek to make the most of the new model launches and an eased availability of semiconductors. The latter had weighed on the festive season sales last year.

<https://economictimes.indiatimes.com/industry/auto/auto-news/car-inventory-at-dealerships-may-hit-4-year-high/articleshow/103185130.cms>

Tier-2 and -3 cities emerge as talent hubs: Nasscom report

A 25-30 per cent cost advantage in talent pool costs and a striking 50 per cent lower real estate rental is enabling tier-2 and tier-3 cities emerge as the hub for large number of tech companies in India, according to a new report by Nasscom and Deloitte. Focusing on 26 cities of high potential, the report examines five overarching pillars: talent, infrastructure, risk and regulatory environment, start-up ecosystem, and social and living environment, which are vital for establishing a flourishing technological landscape. "Fuelled by rapid infrastructure growth, diverse skills, burgeoning start-ups, and governmental initiatives, these emerging hubs are gearing to achieve the tier-1 status," the report said.

<https://www.thehindubusinessline.com/economy/tier-2-and-3-cities-emerge-as-talent-hubs-nasscom-report/article67248724.ece>

Infrastructure

Road, renewables capex likely to rise by 35% in FY24 & FY25: CRISIL

The total capital outlay for roads and renewables in 2023-24 and 2024-25 is likely to jump by 35 per cent to Rs 13 lakh crore compared to that in the last two fiscal years, according to a report. Conducive policies, rising investor interest and strong execution speed are expected to drive the capital outlay in the sectors, the report by Crisil Ratings said on Tuesday. The pace of road construction and capacity addition in renewables is seen growing by 25 per cent and 33 per cent, respectively, in the current and next fiscal, and the capex growth is expected to sustain over the medium term, the report said.

https://www.business-standard.com/economy/news/road-renewables-capex-likely-to-rise-by-35-pc-in-fy24-fy25-crisil-123082900870_1.html

Energy

Govt cuts domestic LPG cylinder prices by Rs 200 to fight inflation

The price of domestic LPG cylinders has been cut by Rs 200 for all connections, in all markets across the country, the government announced on Tuesday. This decision comes amid high inflation and ahead of crucial state and general elections. India has a total of 314 million domestic LPG consumers, according to government data. The across-the-board reduction in the LPG cylinder price – the change in its price in six months – will come into effect on Wednesday. The price of 14.2 kg domestic LPG cylinders was last changed in March when it was raised by Rs 50. Before this, the domestic LPG cylinder price was raised back in July 2022.

https://www.business-standard.com/economy/news/govt-slashes-domestic-lpg-cylinder-prices-by-rs-200-for-all-consumers-123082900940_1.html

Telecom

Companies list challenges as Trai mulls stricter service quality norms

As the Telecom Regulatory Authority of India (Trai) proposes stricter quality of service norms for telecom operators to address call drops etc, the initial assessment by carriers is that the regulator is going too deep and asking for too much detailed data. Industry executives say the proposed need for submitting state-wise data is also challenging as the network architecture is planned telecom circle-wise. Another issue pointed out by the telecom firms is around quality of service (QoS) norms for 5G. The telcos feel that network roll out is under progress, and they can be held accountable as per network roll out obligations. "We can't ensure 5G connectivity across the entire country as the roll out is under progress. The QoS norms must take the network roll out obligations in consideration," said an executive working with a telecom operator.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/companies-list-challenges-as-trai-mulls-stricter-service-quality-norms/articleshow/103184366.cms>

States

Nagaland govt launches Tele-MANAS to fight mental health challenges

To provide mental health support to people to those in need in Nagaland, the Tele-Mental Health and Neuroscience (Tele-MANAS) initiative was launched on Tuesday, an official said. Tele-MANAS would provide mental health services to those in need by offering remote access to mental health professionals, said Mission Director National Health Mission, Dr Ritu Thurr during the launching ceremony held at the State Mental Health Institute here under the auspices of 'Azadi Ka Amrit Mahotsav'.

https://www.business-standard.com/india-news/nagaland-govt-launches-tele-manas-to-fight-mental-health-challenges-123082900923_1.html

Healthcare

India aspires to become global leader in innovative drugs: Report

In a bid to become a global leader in innovative drugs, the Department of Pharmaceuticals will soon launch the Scheme for Promotion of Research and Innovation in the Pharma-MedTech Sector (PRIP) in September this year, official sources said. "The Union Cabinet has already approved the National Policy on Research and Development and Innovation in the Pharma-Med Tech Sector in India and also approved a new Scheme for Promotion of Research and Innovation in the Pharma-Med Tech Sector (PRIP) with a total outlay of Rs 5,000 crore for a period of five years, i.e., from 2023-24 to 2027-28," the Department of Pharmaceuticals said in a statement.

https://www.business-standard.com/india-news/india-aspires-to-become-global-leader-in-innovative-drugs-report-123082901133_1.html

Cabinet okays Rs 5k cr PRIP scheme to boost research and innovation

In a significant move, the Union Cabinet has given the green light to the National Policy on Research and Development and Innovation in the Pharma-MedTech Sector. This decision is accompanied by the approval of the Scheme for Promotion of Research and Innovation in Pharma-MedTech Sector (PRIP), with a substantial allocation of Rs 5,000 crore for a five-year period spanning from FY24 to FY28. The scheme was rolled out earlier this month by the government with the belief that the Indian pharmaceutical industry has the potential to increase its current 3.4 per cent share of the global market to 5 per cent by the year 2030.

https://www.business-standard.com/economy/news/cabinet-okays-rs-5k-cr-prip-scheme-to-boost-research-and-innovation-123082900919_1.html

External

India, New Zealand commit to further strengthen cooperation in agriculture

India and New Zealand have committed to work together to further strengthen the cooperation in the agriculture sector and collaboration between the two countries, according to an official release. A meeting was held here between Union Agriculture Minister Narendra Singh Tomar, and New Zealand minister for trade & export growth and agriculture Damien O'Connor.

https://www.business-standard.com/india-news/india-new-zealand-commit-to-further-strengthen-cooperation-in-agriculture-123082901061_1.html

India-Kenya collaboration in trade, economy, education has grown: Rajnath

Defence Minister Rajnath Singh on Tuesday said collaboration between India and Kenya in sectors like trade, economy, education, health and people-to-people contact has grown from strength to strength. The Defence Minister's remarks came during a bilateral meeting with the Cabinet Secretary for Kenya's Ministry of Defence Aden Bare Duale.

https://www.business-standard.com/india-news/india-kenya-collaboration-in-trade-economy-education-has-grown-rajnath-123082900450_1.html

Amid slowdown, Centre reviews export scenario with promotion councils

Amid sustained contraction in outbound shipments of goods, exporters have urged the government to give a push to the rupee trade mechanism. The matter was discussed at the Centre's review of sectoral progress in exports with the export promotion councils on Tuesday, people aware of the matter told Business Standard. The Special Rupee Vostro Account (SRVA) mechanism, which was announced by the Reserve Bank of India (RBI) over a year ago, has not taken off. Exporters said this was because both sides — India and its export partner — were not keen to test the new arrangement.

https://www.business-standard.com/economy/news/amid-slowdown-centre-reviews-export-scenario-with-promotion-councils-123082901286_1.html

India decides to allow export of rice to Singapore in view of special relationship

India on Tuesday said it has decided to allow export of rice to Singapore in view of the special relationship between the two countries. Last month, India announced a ban on export of all non-basmati white rice that resulted in sharp increase in global rice prices. External Affairs Ministry spokesperson Arindam Bagchi said formal orders allowing export of rice to Singapore will be issued shortly. "India and Singapore enjoy a very close strategic partnership, characterised by shared interests, close economic ties and strong people to people connect," he said.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-decides-to-allow-export-of-rice-to-singapore-in-view-of-special-relationship/articleshow/103189410.cms>

Indian rice shipments of 5,00,000 tons postponed after new duty: Exporters

India's move to impose a 20% duty on exports of parboiled rice has prompted buyers and sellers to postpone shipments of around 500,000 metric tons to after mid-October to avoid paying the tax, three leading exporters told Reuters on Tuesday. The delay in shipments from the world's biggest exporter of rice could deplete inventories in importers such as Benin, Ghana, Cote d'Ivoire, and Liberia, and boost local prices in those countries, which are already near multi-year highs.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/indian-rice-shipments-of-500000-tons-postponed-after-new-duty-exporters/articleshow/103173412.cms>