



September 05, 2023 – Tuesday

## Economy

### **Budget 2024-2025: Finance Ministry starts preparations; seeks inputs from various ministries**

Ahead of Lok Sabha polls which are due early next year, the process to prepare the interim Budget for 2024-25 has been commenced by the Ministry of Finance. It invited inputs on expenditure from different ministries and departments. However, the full Budget for the next fiscal year, that is, FY25 will be presented only after the formation of the new government post the said elections. As per the Budget Circular for 2024-25, issued by the Budget Division under the Department of Economic Affairs of the Finance Ministry, dated September 1, financial advisers should ensure that the necessary details required should be submitted by October 5, 2023. "Pre-budget meetings chaired by Secretary (Expenditure) shall commence in the second week of October 2023...shall continue till around mid-November, 2023," read the said circular.

<https://economictimes.indiatimes.com/news/economy/policy/budget-2024-2025-finance-ministry-starts-preparations-seeks-inputs-from-various-ministries/articleshow/103362706.cms>

### **PMUY households refilling LPG cylinders more than thrice a year doubled since FY19**

The introduction of a ₹200-subsidy on LPG cylinders could aid more people to transition to using clean cooking fuel, suggests data. This is because, despite the steep price of cooking gas, India saw more households, including poverty-struck ones, shifting to liquid petroleum gas (LPG) for cooking. The subsidy was announced by Prime Minister Narendra Modi on August 29. "This reduction is in addition to the existing targeted subsidy of ₹200 per cylinder to PMUY households, which will continue. For Pradhan Mantri Ujjwala Yojana (PMUY) households, therefore, the effective price in Delhi after this reduction will be ₹703 per cylinder," reads a statement from the Centre. The National Family Health Survey data shows that in the 2019-21 period, 59 per cent of the total Indian households used LPG or natural gas for cooking. The proportion of this group was just 44 per cent in 2015-16 and 24.7 per cent in 2003-04.

<https://www.thehindubusinessline.com/data-stories/data-focus/pmuy-households-refilling-lpg-cylinders-more-than-thrice-a-year-doubled-since-fy19/article67269929.ece>

## Banking and Finance

### **CBDC can fix cross-border payment problems: RBI Governor Shaktikanta Das**

Reserve Bank of India (RBI) Governor Shaktikanta Das on Monday flagged the issue of high costs and low speed associated with cross-border payments and said the central bank digital currency (CBDC) instant-settlement feature could play an important role in addressing those issues. "Notwithstanding the progress made so far, the key challenges to existing cross-border payments continue to be high cost, low speed, limited access, and insufficient transparency," Das said in his keynote address at the G20 TechSprint Finale organised by RBI and Bank for International Settlements (BIS).

[https://www.business-standard.com/finance/news/cross-border-payments-continue-to-be-high-cost-low-speed-rbi-governor-123090401058\\_1.html](https://www.business-standard.com/finance/news/cross-border-payments-continue-to-be-high-cost-low-speed-rbi-governor-123090401058_1.html)

### **Monetary policy, rate transmission are asymmetric, says SBI report**

The impact of the monetary policy and rate transmission has been asymmetrical across the debt market in the country, according to a report by the State Bank of India (SBI). The report said 1 per cent increase in repo rate has resulted in only 2 to 3 basis points (bps) increase in 10-year AAA corporate bond spread (spread between 10-year AAA corporate bonds and 10-year government securities). It is 3-4 bps for the 5-year AAA corporate bond spread.

[https://www.business-standard.com/finance/news/monetary-policy-and-rate-transmission-are-asymmetric-says-sbi-report-123090400886\\_1.html](https://www.business-standard.com/finance/news/monetary-policy-and-rate-transmission-are-asymmetric-says-sbi-report-123090400886_1.html)

#### **Loan sanctions through NBFCs slip sharply to 5.7% in June quarter**

The growth in credit sanctioned by non-banking finance companies fell sharply to 5.7 per cent year-on-year (Y-o-Y) in the April-June quarter (first quarter, or Q1) of 2023-24 from over 100 per cent Y-o-Y growth a year ago (Q1 of 2022-23, or FY23). K V Srinivasan, co-chairman of the Finance Industry Development Council (FIDC), attributed this decline to the base effect, also known as the high base of Q1FY23, and the sharp decrease in home loan sanctions impacting growth in Q1FY24.

[https://www.business-standard.com/finance/news/nbfc-credit-sanctions-decline-sharply-to-5-7-in-q1fy24-gold-loan-up-47-7-123090400431\\_1.html](https://www.business-standard.com/finance/news/nbfc-credit-sanctions-decline-sharply-to-5-7-in-q1fy24-gold-loan-up-47-7-123090400431_1.html)

#### **Banks moot covering stamp duty, registry charges in home loans**

Home loan seekers may be eligible to get larger financing if the banking sector regulator approves a proposal submitted by banks to include stamp duty and other registration charges in the project cost, said people with knowledge of the matter. Lenders reached out to the Reserve Bank of India (RBI) after internal deliberations in a meeting held last month, they said.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/banks-moot-covering-stamp-duty-registry-charges-in-home-loans/articleshow/103368677.cms>

#### **25% target for state debt levels for the short-term; Punjab most pressurized: BoB study**

Indian states need to do more to reduce their debt levels and bring them closer to the Fiscal Responsibility and Budget Management goal of 20%, a recent study by economists at Bank of Baroda stated. The study suggested debt to GDP ratio at 25% as a short-term goal and the interest to revenue receipts ratio targeted at around 15%. "This can be a good beginning with roadmaps drawn up for various states," the research stated. Four states will allocate more than 15% of their revenue towards interest payments in FY24, with Punjab contributing nearly a quarter of its revenue to interest payments, the research found.

<https://economictimes.indiatimes.com/news/economy/finance/25-target-for-state-debt-levels-for-the-short-term-punjab-most-pressurized-bob-study/articleshow/103367586.cms>

#### **Indian states violating debt level set by fiscal responsibility law, says report**

Indian states have been violating the mandated debt level under the fiscal responsibility law with the help of off-budget borrowings, at both the Union and state levels, said a report named 'The Nature and Implications of Off-Budget Borrowings in India: Centre and States' by think tank 'Centre for Social and Economic Progress (CSEP)'. "Off-budget borrowings are not reflected in the budget, even though budgetary resources will have to be used for their repayment either in the current or future period. Off-budget borrowers may include PSUs, Special Purpose Vehicles (SPVs), and/or the government itself," said the report.

<https://economictimes.indiatimes.com/news/economy/indicators/indian-states-to-have-crossed-debt-ceiling-due-to-off-budget-borrowings-five-south-indian-states-emerge-highest-borrowers-says-report/articleshow/103347252.cms>

### **Industry**

#### **With infrastructure boom, cement companies build strategies to tap demand**

As India's expenditure on infrastructure grows, cement companies are adopting different strategies to attract a share of the rise in demand. Expanding the network of large buyers, entry into ready-mix cement, and catering to a niche of blended cement are some strategies being considered.

[https://www.business-standard.com/industry/news/with-infrastructure-boom-cement-companies-build-strategies-to-tap-demand-123090401035\\_1.html](https://www.business-standard.com/industry/news/with-infrastructure-boom-cement-companies-build-strategies-to-tap-demand-123090401035_1.html)

### **10-12% price hike in commercial vehicles likely: Credit rating agency Icra**

Credit rating agency ICRA projected that the Indian commercial vehicle (CV) industry could face a potential price hike of 10-12 per cent due to the implementation of multiple proposed regulatory changes. The government has been increasing its focus on emission norms, safety systems, and other standards in the automotive industry. In recent years, the industry has adopted stringent emission standards, as well as driver safety and comfort standards such as advanced braking systems (ABS) and speed-limiting devices (SLD).

[https://www.business-standard.com/industry/auto/10-12-price-hike-in-commercial-vehicles-likely-credit-rating-agency-icra-123090400993\\_1.html](https://www.business-standard.com/industry/auto/10-12-price-hike-in-commercial-vehicles-likely-credit-rating-agency-icra-123090400993_1.html)

### **Edible oil prices unlikely to rise during festive season: FMCG cos**

Prices of edible oils are not likely to go up during the upcoming festive season even as the soya bean crop in the country is under severe moisture stress, said executives of leading fast-moving consumer goods (FMCG) companies, as international supply is good. But there may be a price hike in edible oils from December through April-May next year as the impact of El Nino in oil-producing countries is felt, they said. FMCG companies are, however, worried about rice production in the country as many eastern states that produce non-basmati rice have not received good rains which may harm the standing paddy crop in the fields. "Monsoon is critical for the soya bean and groundnut crop. It should rain well in the next 10 days, otherwise the yield will be severely affected," said BV Mehta, executive director, Solvent Extractors Association.

<https://economictimes.indiatimes.com/industry/cons-products/fmcg/edible-oil-prices-unlikely-to-rise-during-festive-season-fmcg-cos/articleshow/103368810.cms>

### **Smartphone demand muted in run-up to festive season**

Consumer demand for smartphones remained muted in the run-up to the festive season in August despite multiple rounds of online sales and margin hikes for retailers, said retailers and market trackers. The industry expects only a single-digit pickup in sales during the festive season, as compared to double-digit spikes seen in the past few years, they said. Chandu Reddy, director at South Indian mobile phone retail-chain Sangeetha Mobiles, said there was a slight dip in July and August, immediately after the company concluded its anniversary sale which started in June, while for others in the market, the dip started from June onwards. "We are only seeing spurts of consumer demand during specific festive periods in July and August, otherwise it has been lower than normal," Reddy said, adding that retailers are now adding more categories of products in their stores to attract walk-ins.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/smartphone-demand-muted-in-run-up-to-festive-season/articleshow/103368183.cms>

### **India's fan industry sees green shoots in demands as festival approach**

The fan industry is witnessing green shoots in demands led by increased housing renovation activities in urban and rural areas and expects better traction as the festive season approaches. The industry, which was facing almost flat/slow growth from the last two fiscals in volumes, is currently passing through a transition towards becoming energy efficient with star labelling, according to the Indian Fan Manufacturers Association (IFMA).

[https://www.business-standard.com/industry/news/india-s-fan-industry-sees-green-shoots-in-demands-as-festival-approach-123090401134\\_1.html](https://www.business-standard.com/industry/news/india-s-fan-industry-sees-green-shoots-in-demands-as-festival-approach-123090401134_1.html)

## **Agriculture**

### **Government sells 36,250 ton buffer onion in mandis of 12 states in last 3 weeks to arrest prices; to scale up retail sale**

The government on Monday said 36,250-tonne onion from its buffer stock has been released in the wholesale markets in 12-odd states and Union territories at prevailing rates in the last three weeks to arrest rising retail prices of the key kitchen staple. National Cooperative Consumer's Federation of India Ltd (NCCF) and National Agricultural Cooperative Marketing Federation of India Ltd (NAFED) have been mandated to sell buffer onion in wholesale and retail markets. They have also been asked to procure additional onion from farmers to increase the buffer stock quantities from the current 3 lakh tonne to 5 lakh tonne this year. Speaking to PTI, Consumer Affairs Secretary Rohit

Kumar Singh said: "The government will go all out to ensure no undue rise in prices by following a two-pronged approach of releasing our buffer stock onion in the wholesale and retail markets".

<https://economictimes.indiatimes.com/news/india/government-sells-36250-ton-buffer-onion-in-mandis-of-12-states-in-last-3-weeks-to-arrest-prices-to-scale-up-retail-sale/articleshow/103365398.cms>

### **Sugar prices up on deficient rainfall in key cane states**

Retail and factory level sugar prices have been rallying by about 3% in last one month on persistent monsoon deficit in key sugarcane producing states. Retail sugar prices have been ruling between ₹40 and ₹45/kg across the country. The benchmark factory gate sugar prices in Kolhapur for S-30 grade; the smallest sized grains of sugar, have almost touched ₹37/kg from around ₹34/kg in June. Considering the supply side challenges and 'strong demand,' the central government had released an additional quota of 2 lakh tonnes last month on August 22 in addition to the 23.5 lakh tonnes it had already allocated for August. The sugar quota for September is at 25 lakh tonnes, more than over 6% from the quota for the corresponding month of the previous year.

<https://economictimes.indiatimes.com/news/economy/agriculture/sugar-prices-up-on-deficient-rainfall-in-key-cane-states/articleshow/103368780.cms>

## **Infrastructure**

### **Gadkari asks officials to prepare road map for projects worth Rs 3 lakh crore for immediate execution**

Road, transport and highway minister Nitin Gadkari on Monday directed the officials of his ministry, including those of NHA and NHIDCL, to prepare a road map for up to Rs 3 lakh-crore projects for immediate execution. The minister also warned the officials of action in case of any delay in execution of projects and fixing issues related to them. Road, transport and highway minister Nitin Gadkari on Monday directed the officials of his ministry, including those of NHA and NHIDCL, to prepare a road map for up to Rs 3 lakh-crore projects for immediate execution. The minister also warned the officials of action in case of any delay in execution of projects and fixing issues related to them.

<https://economictimes.indiatimes.com/news/economy/infrastructure/gadkari-asks-officials-to-prepare-road-map-for-projects-worth-rs-3-lakh-crore-for-immediate-execution/articleshow/103356370.cms>

## **Energy**

### **India's power consumption grows by over 16% to 151.66 billion units in Aug**

The country's power consumption grew by over 16 per cent to 151.66 billion units in August this year compared to that of the same month last year mainly due to increase usage of cooling appliances during sultry weather. In the year-ago period, power consumption stood at 130.39 billion units (BU), higher than 127.88 BU in August 2021, according to the government data.

[https://www.business-standard.com/economy/news/india-s-power-consumption-grows-by-over-16-to-151-66-billion-units-in-aug-123090400638\\_1.html](https://www.business-standard.com/economy/news/india-s-power-consumption-grows-by-over-16-to-151-66-billion-units-in-aug-123090400638_1.html)

### **AIPEF terms Centre's coal import-related directives an additional load**

Power engineers' body AIPEF on Monday termed the Centre's import-related directives for the thermal plants as an "additional load" on the coal-fired power units. The Union Ministry of Power has issued a directive that all thermal power plants of state governments, central government and the private sector should import 4 per cent of coal by March 2024 to meet the shortage of coal in thermal power plants running on domestic coal, the All India Power Engineers Federation said in a statement.

[https://www.business-standard.com/industry/news/aipenf-terms-centre-s-coal-import-related-directives-an-additional-load-123090401170\\_1.html](https://www.business-standard.com/industry/news/aipenf-terms-centre-s-coal-import-related-directives-an-additional-load-123090401170_1.html)

### **Coal stocks at power plants depleting on demand surge**

Coal stocks at power plants fell by over 6 million tonnes since July end as peak power demand rose exponentially through August amid deficient rainfall and sultry weather. Coal stocks at power plants stood at 28.9 million tonnes as on Friday against 35.2 million tonnes on July 31, as per data from the national power portal. "There are concerns with regards to the current level of coal stocks, but it is not an alarming situation," a government official told ET. The

government on Friday asked power generation companies to import 4% of their coal requirement till March 2024. Power units were in January asked to import 6% of their coal requirement till September end.

<https://economictimes.indiatimes.com/industry/renewables/coal-stocks-at-power-plants-depleting-on-demand-surge/articleshow/103368706.cms>

## States

### **Rajasthan govt to boost organic farming, provide subsidies to farmers**

To boost organic farming in Rajasthan, the state government has decided to take various measures, including providing subsidies to farmers. "The state government, with an aim to solve the problems of farmers engaged in organic farming, has decided to set up district-level certification units and testing labs. They would undertake marketing and certification of organic products in a time-bound manner," an official of the agriculture department said.

[https://www.business-standard.com/industry/news/rajasthan-to-boost-organic-farming-provide-subsidies-to-farmers-123090400751\\_1.html](https://www.business-standard.com/industry/news/rajasthan-to-boost-organic-farming-provide-subsidies-to-farmers-123090400751_1.html)

### **Uttar Pradesh govt plans to revive 10,000 stalled housing projects**

The Uttar Pradesh Real Estate Regulatory Authority (UP RERA) is planning to revive stalled housing projects of 10,000 units to protect the interests of homebuyers and lenders. The authority has taken up cases of 17 housing projects, worth around Rs 2,000 crore, that are stuck for various factors, including siphoning of funds, loan defaults, bankruptcy of promoters, and financial impropriety.

[https://www.business-standard.com/india-news/uttar-pradesh-govt-plans-to-revive-10-000-stalled-housing-projects-123090400894\\_1.html](https://www.business-standard.com/india-news/uttar-pradesh-govt-plans-to-revive-10-000-stalled-housing-projects-123090400894_1.html)

## External

### **Commerce ministry suggests banks to provide export credit in foreign currency to e-commerce exporters**

The commerce ministry's arm DGFT on Monday said it has suggested banking and financial institutions to extend pre- and post-shipment export credit in foreign currency to e-commerce exporters based on the guidelines of the RBI. Any issues in availing such credit may be brought to attention by e-commerce exporters or banks to the directorate general of foreign trade (DGFT). This assumes significance as the new Foreign Trade Policy 2023 is also aimed at promoting exports through the e-commerce medium. The DGFT in a trade notice said that consultations were held with industry representatives, exporters, and nodal departments on outstanding issues pertaining to exports through e-commerce.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/commerce-ministry-suggests-banks-to-provide-export-credit-in-foreign-currency-to-e-commerce-exporters/articleshow/103367082.cms>

### **Centre monitoring steel import situation as China shipments touch 5-yr high**

India is monitoring steel imports after shipments from China touched a five-year high in the first four months of the fiscal year that began in April, the country's steel secretary told Reuters on Monday. During April-July, China was the second-biggest steel exporter to India, after South Korea, selling 0.6 million metric tons, up 62% from the same period a year earlier.

[https://www.business-standard.com/economy/news/centre-monitoring-steel-import-situation-as-china-shipments-touch-5-yr-high-123090400277\\_1.html](https://www.business-standard.com/economy/news/centre-monitoring-steel-import-situation-as-china-shipments-touch-5-yr-high-123090400277_1.html)

### **Steel exports to European nations at five-year high for April-July period**

European markets, primarily larger ones like Italy, Spain and Belgium, have, post-Covid, emerged as largest buyers of steel from India overtaking traditional markets like Vietnam - which are now amongst the largest seller of steel here, data from the Steel Ministry show.

<https://www.thehindubusinessline.com/economy/steel-exports-to-european-nations-at-five-year-high-for-april-july-period/article67269827.ece>

### **Palm oil buying lifts India's August edible oil imports to record: Dealers**

India's edible oil imports in August rose 5% to a record 1.85 million metric tons as refiners purchased more than 1 million tons of palm oil for the second consecutive month to build stocks for upcoming festivals, four dealers told Reuters. Higher purchases by the world's biggest importer of vegetable oils could help to lower palm oil stocks in Indonesia and Malaysia and support benchmark futures. The buying has helped strengthen soybean oil futures and could reduce inventories in sunflower oil-producing Black Sea countries.

[https://www.business-standard.com/economy/news/palm-oil-buying-lifts-india-s-august-edible-oil-imports-to-record-dealers-123090400347\\_1.html](https://www.business-standard.com/economy/news/palm-oil-buying-lifts-india-s-august-edible-oil-imports-to-record-dealers-123090400347_1.html)