



October 11, 2023 – Wednesday

## Economy

### **IMF raises India FY24 GDP growth forecast by 20 basis points to 6.3%**

The International Monetary Fund (IMF) on Tuesday raised its FY24 growth projection for India by 20 basis points to 6.3 per cent, citing stronger than expected consumption between April and June. "India is one of the large emerging economies that (have) been doing better than expected for quite a while now. (It) is one of the one of the growth engines in the world economy," said Pierre-Olivier Gourinchas, economic counsellor and director of the research department, IMF.

[https://www.business-standard.com/economy/news/imf-raises-india-fy24-gdp-growth-forecast-by-20-basis-points-to-6-3-123101000461\\_1.html](https://www.business-standard.com/economy/news/imf-raises-india-fy24-gdp-growth-forecast-by-20-basis-points-to-6-3-123101000461_1.html)

### **Indian economy needs 8% growth to topple China as global driver: Barclays**

India's economy needs to grow 8% a year in order to overtake China as the largest contributor to the global economy, Barclays Plc estimated, a scenario that requires much more investment, especially in traditional sectors. The South Asian nation should focus investment in areas like mining, utilities, transport and storage — sectors that have stronger spillover effects on the broader economy, Rahul Bajoria, a senior economist at Barclays in Mumbai, wrote in a note Tuesday.

[https://www.business-standard.com/economy/news/indian-economy-needs-8-growth-to-topple-china-as-global-driver-barclays-123101000745\\_1.html](https://www.business-standard.com/economy/news/indian-economy-needs-8-growth-to-topple-china-as-global-driver-barclays-123101000745_1.html)

### **Prime Minister Modi weighs giving small farmers more cash before 2024 elections**

India's government is considering a plan to boost cash support to small farmers by a third, allowing Prime Minister Narendra Modi's ruling party to shore up support from a key voting bloc ahead of elections. The government is weighing options to raise the annual direct cash transfer to small farmers to Rs 8,000 (\$96) from Rs 6,000, according to two officials familiar with the discussions, who asked not to be identified as the matter is still under consideration. If approved, the plan would cost the government an extra Rs 20,000 crore, according to the people, on top of the Rs 60,000 crore budgeted for the program in the current fiscal year through March 2024. Nanu Bhasin, a spokesperson for the Finance Ministry, declined to comment on the matter.

<https://economictimes.indiatimes.com/news/economy/finance/prime-minister-modi-weighs-giving-small-farmers-more-cash-before-2024-elections/articleshow/104328072.cms>

### **Skills Development ministry eyes funds via social bourse**

The National Skills Development Corporation (NSDC), under the aegis of the skills development and entrepreneurship ministry, will soon list some of its outcome-based projects on the Social Stock Exchange to attract social investors, both domestic and from overseas, said its chief executive Ved Mani Tiwari. The move is aimed at creating an alternative funding mechanism for its skilling initiatives, which are currently being funded either through grants or through corporate social responsibility and philanthropists. Funding is currently input-based and limited in nature.

<https://economictimes.indiatimes.com/news/india/skills-development-ministry-eyes-funds-via-social-bourse/articleshow/104323987.cms>

## Banking and Finance

### Bank profits to show impact of higher deposit rates, rising treasury yields

Higher deposit rates and rising treasury yields are likely to impact banking profits in the second quarter even though the sector still remains profitable. The impact of higher cost of funds on banks' net interest margins (NIMs) will slow profit growth, with this quarter likely marking the start of normalisation in bank interest incomes. Banks have so far benefited from rising interest rates as deposit rate hikes have lagged lending rates in the last year. But as deposit rates reprice higher starting the second quarter, banks will start shedding the advantage they so far had on net interest margins (NIM). It is the difference between the yield earned on loans and that paid on deposits.

<https://economictimes.indiatimes.com/industry/banking/finance/bank-profits-to-show-impact-of-higher-deposit-rates-rising-treasury-yields/articleshow/104324230.cms>

### States borrowing cost soars to highest so far this fiscal at 7.68%

States have been forced to pay through their nose at the weekly auction of their debt on Tuesday with the weighted average interest rate payable soaring to the highest so far this fiscal at 7.68 per cent, 12 basis points (bps) more than the previous peak at the last auction. The prices shot up reflecting the overall higher risk averseness of investors with the rising interest rates along with higher demand, which rose by 14 per cent at the auction in spite of a jump in the average tenor to 15 years from 13 years last week.

[https://www.business-standard.com/economy/news/states-borrowing-cost-soars-to-highest-so-far-this-fiscal-at-7-68-123101001329\\_1.html](https://www.business-standard.com/economy/news/states-borrowing-cost-soars-to-highest-so-far-this-fiscal-at-7-68-123101001329_1.html)

### India's net direct tax collection rises 22% to over Rs 9.57 trillion

The net direct tax collection increased by 21.82 per cent to over Rs 9.57 trillion till October 9, helped by good inflow from corporates and individuals, the Finance Ministry said on Tuesday. The net collections have reached 52.5 per cent of the full-year budget estimates (BE) of Rs 18.23 trillion. The provisional figures of Direct Tax collections up to October 9, 2023, continue to register steady growth, the statement said.

[https://www.business-standard.com/economy/news/india-s-net-direct-tax-collection-rises-22-to-over-rs-9-57-trillion-123101001200\\_1.html](https://www.business-standard.com/economy/news/india-s-net-direct-tax-collection-rises-22-to-over-rs-9-57-trillion-123101001200_1.html)

### PE inflows plunge 65% to USD 1.81 bn in July-September

Private equity (PE) investments in India fell 65.4 per cent to USD 1.81 billion in July-September 2023 as compared to the year-ago period, according to an industry report. In the year-ago period, PE investment was USD 5.23 billion. The number of deals also declined steeply by 50.1 per cent to 232 from 465 deals in Q3 2022, according to the data collated by Refinitiv, which is a London Stock Exchange Group (LSG) business. On a sequential basis, the number of deals fell 34.2 per cent from 353 in Q2 2023, and in value term it declined by 35.2 per cent from USD 2.79 billion. For the first nine months (January-September 2023), the Internet specific and computer software companies continued to attract maximum PE interest with USD 2.80 billion and USD 1.48 billion invested.

<https://economictimes.indiatimes.com/news/economy/finance/pe-inflows-plunge-65-to-usd-1-81-bn-in-july-september/articleshow/104319406.cms>

## Industry

### Indian smartphone firms having a tough time meeting PLI targets for FY24

Indian smartphone manufacturers such as Lava and Bhagwati (Micromax) are struggling to meet their incremental targets under the government's production-linked incentive (PLI) scheme for the third consecutive year in FY24, The Economic Times (ET) has reported. This highlights the challenges in the government's plans to empower local manufacturing. Industry experts told the newspaper that Dixon Technologies is expected to be an exception among local manufacturers, as the company has secured large orders and signed new ones.

[https://www.business-standard.com/industry/news/indian-smartphone-firms-having-a-tough-time-meeting-pli-targets-for-fy24-123101000136\\_1.html](https://www.business-standard.com/industry/news/indian-smartphone-firms-having-a-tough-time-meeting-pli-targets-for-fy24-123101000136_1.html)

### White good PLI beneficiary should obtain cost certificate for sales: DPIIT

Companies selected under the production-linked incentive scheme (PLI) for white goods will have to submit a certificate from a registered cost accountant with regard to related party sales and computation of the arm's length price for availing benefits of the scheme. Making certain changes in the guidelines of the PLI scheme for promoting domestic manufacturing of white goods (air conditioners and LED lights), the Department for Promotion of Industry and Internal Trade (DPIIT) said that the administrative ministry may also visit the manufacturing facilities to review the scheme's progress, and directly solicit feedback from the industry.

[https://www.business-standard.com/industry/news/white-good-pli-beneficiary-should-obtain-cost-certificate-for-sales-dpiit-123101001244\\_1.html](https://www.business-standard.com/industry/news/white-good-pli-beneficiary-should-obtain-cost-certificate-for-sales-dpiit-123101001244_1.html)

### **Government to push space companies to cut imports and Make in India**

The government will push the space sector to cut dependence on imports and manufacture space services-related equipment locally, as is the case with the telecom sector, the minister of state for communications, Devusinh Chauhan, said. "India's telecom sector had huge reliance on imports, but...the country is now manufacturing telecom products (locally) and preparing for the next-generation of telecom technology..." Chauhan said at an industry event on Tuesday. "Space will also have (an indigenous) technology like this." The minister called on industry and stakeholders to explore additional futuristic technologies that could be "worked upon" in the telecom and satellite sectors.

<https://economictimes.indiatimes.com/news/science/government-to-push-space-companies-to-cut-imports-and-make-in-india/articleshow/104323731.cms>

## **Agriculture**

### **Govt mulling 100% procurement of pulses and oilseeds from farmers**

After allowing procurement of 100 per cent of production in case of tur (pigeon pea), urad (black matpe) and masur (lentil) at minimum support prices this year, the Centre is considering allowing more pulses and some oilseeds under it. However, the official procurement will depend on prices at agriculture market yards (mandis) as currently prices of some of these crops are ruling higher or at par. In the Central Zonal Council meeting recently, co-operation minister Amit Shah is believed to have indicated that agri co-operative Nafed will be asked to buy 100 per cent of farmers' production this year at minimum support prices (MSPs).

<https://www.thehindubusinessline.com/economy/agri-business/govt-mulling-100-procurement-of-pulses-and-oilseeds-from-farmers/article67404611.ece>

## **Infrastructure**

### **Air travel may get expensive amid rise in ATF prices, geopolitical tensions**

Amid increasing Aviation Turbine Fuel (ATF) prices and geopolitical uncertainties, the aviation industry is witnessing changes that may affect both domestic and international travel. Industry leaders such as IndiGo and Spicejet have responded by introducing fuel surcharges, with the extent of the increase varying based on flight distance. Short-haul journeys within 500 kilometers may see a minimum increase of approximately ₹300, while longer flights covering over 3,500 kilometers could get experience by up to ₹1,000 in additional charges. An EaseMyTrip spokesperson said: "This move is an attempt by airlines to offset the rising ATF costs, inevitably impacting overall passenger fares. The supplementary charges will range from ₹300 to ₹1,000, depending on the travel distance."

<https://www.thehindubusinessline.com/economy/logistics/air-travel-may-get-expensive-amid-rising-in-atf-prices-geopolitical-tensions/article67404481.ece>

## **Energy**

### **Petrol consumption rises 8% YoY in September; diesel up 4%**

Consumption of petrol rose 8% year-on-year in September while that of diesel increased 4% on increased mobility and economic activity ahead of the festive season. The consumption of jet fuel rose 12% as more people flew, boosting revenues for airlines. Sales of liquefied petroleum gas (LPG), mainly used for cooking in the country, expanded 4.5% in September. Consumption of bitumen, used mainly for road construction, rose 45%. The combined consumption of all refined products, a proxy for oil demand, grew 7.6% year-on-year in September in the country.

Commercial mobility rises ahead of the festive season as retailers move consumer goods from factories to their warehouses and stores. Most e-commerce platforms launched their annual sales in the past few days for which they would have stocked up last month.

<https://economictimes.indiatimes.com/industry/energy/oil-gas/petrol-consumption-rises-8-yoy-in-september-diesel-up-4/articleshow/104318734.cms>

#### **India's natural gas demand to rise 4% in 2023: International Energy Agency**

India's natural gas demand is set to grow by 4 per cent in 2023 and rise at an average annual rate of over 8 per cent till 2026, a medium-term forecast by the International Energy Agency (IEA) has shown. Released on Tuesday, it also showed that global gas demand is on course to grow by an average 1.6 per cent a year between 2022 and 2026, down from an average of 2.5 per cent a year between 2017 and 2021.

[https://www.business-standard.com/economy/news/natural-gas-demand-in-india-to-rise-4-in-2023-8-annually-till-2026-ia-123101000832\\_1.html](https://www.business-standard.com/economy/news/natural-gas-demand-in-india-to-rise-4-in-2023-8-annually-till-2026-ia-123101000832_1.html)

#### **India's first bamboo-based biorefinery to start operations in March**

India's Numaligarh Refinery Ltd (NRL), a subsidiary of explorer Oil India, plans to start ethanol production at its biorefinery in the northeastern state of Assam from March, the company's managing director Bhaskar Phukan said on Tuesday. India, the world's third biggest consumer and importer of oil, is aiming to reduce its crude oil consumption by switching to sustainable alternatives such as bio fuels. The country plans to double the mixing of ethanol with gasoline to 20% by 2025. The Assam biorefinery - which cost NRL and its Finnish partners Chempolis and Fortum 40 billion rupees - is India's first to use bamboo as feedstock and is expected to annually produce 50,000 tonnes of ethanol, 16,000 tonnes of furfural and 11000 tonnes acetic acid.

<https://economictimes.indiatimes.com/industry/energy/oil-gas/indias-first-bamboo-based-biorefinery-to-start-operations-in-march/articleshow/104312048.cms>

### **States**

#### **TN govt announces a new Samadhan scheme with waivers and concessions to settle ₹25,000 cr tax dues**

The Tamil Nadu government on Tuesday announced a new Samadhan scheme with waivers and concessions to pave the way for the settlement of the pending tax dues of about ₹25,000 crore, of which a majority are under the erstwhile Tamil Nadu Value Added Tax and other legacy tax legislations. The new Samadhan scheme, which was announced by the Tamil Nadu Chief Minister MK Stalin at the State Assembly, seeks to put an end to the pending tax arrears, disputes and appeals between the traders and the State commercial tax department.

<https://www.thehindubusinessline.com/news/tn-govt-announces-a-new-samadhan-scheme-with-waivers-and-concessions-to-settle-25000-cr-tax-dues/article67405086.ece>

### **External**

#### **India, UK may ink FTA by the end of this month**

India and the UK are likely to sign a proposed free trade agreement (FTA) in the last week of this month. It will be New Delhi's first such comprehensive deal with an industrialised nation, seeking to spur bilateral annual business beyond the current \$20 billion. India has extended an invitation to UK Prime Minister Rishi Sunak to visit India on October 28 and ink the ambitious pact, people aware of details told ET. Senior commerce and industry ministry officials on Monday made a presentation to the Prime Minister's Office on the agreement, the people cited said.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-uk-may-ink-fta-by-the-end-of-this-month/articleshow/104327594.cms>