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Economy

As global companies chart course for India, FDI set to rise

Overall foreign direct investment (FDI) into India may have declined but there are reasons to be sanguine with the country seeing interest in greenfield investments amid the first-ever decline posted by China, experts said. Last week, in a detailed presentation to the finance ministry, the United Nations Conference on Trade and Development (UNCTAD) pointed to the positive developments, people aware of the deliberations said. The UN agency reiterated its recent findings that India is among the top three in greenfield FDI announcements. This suggests that the country may be pulling in fresh global capacity expansion as part of supply chain diversification, a senior finance ministry official told ET.

<https://economictimes.indiatimes.com/news/economy/finance/as-global-companies-chart-course-for-india-fdi-set-to-rise/articleshow/105053060.cms>

New investment demand likely to taper in second half of FY24: ICRA

New investment demand in the second half of this fiscal year is likely to be tempered amid increased geopolitical tensions in the Middle East, and a potential slowdown in the momentum of government capital expenditure (capex) and project execution prior to the general elections, said credit rating agency ICRA in its latest report on Tuesday. The expected slowdown in new investment demand comes on the back of India's investment activity remaining robust in Q2 FY24 as reflected in the year-on-year (y-o-y) performance of seven of the 11 investment-related indicators, barring indicators such as exports and imports of engineering goods, output of capital goods, and consumption of finished steel.

https://www.business-standard.com/industry/news/new-investment-demand-likely-to-taper-in-second-half-of-fy24-icra-123110701016_1.html

Banking and Finance

Banks turn to gold loans on RBI stance, woo fintech companies

With the Reserve Bank of India turning cautious on the growing unsecured portfolio of banks, some of them are making a quick move towards pushing secured lending and gold loans are emerging as an attractive product in the retail sector. More and more banks are looking to launch their own gold loan products and also looking to strike partnerships with fintechs like Indiagold and Rupeek that distribute secured loans, two people in the know told ET. Large lenders like HDFC Bank and Axis Bank, which were historically not strong in this segment, have also shifted focus recently, they said.

<https://economictimes.indiatimes.com/tech/technology/banks-shift-focus-towards-gold-loans-looking-to-partner-with-fintechs/articleshow/105047002.cms>

Unsecured loan growth to remain strong even with high risk weights: Report

The growth in the concerning unsecured loans segment will remain strong even if the Reserve Bank ups the risk weights for such lending, a domestic brokerage said on Tuesday. The RBI has asked lenders to be more diligent about

such lending to ensure that no undue risk gets built up in the system because of high growth in unsecured assets such as personal loans and credit cards.

https://www.business-standard.com/economy/news/unsecured-loan-growth-to-remain-strong-even-with-high-risk-weights-report-123110701249_1.html

Fintech can emerge as substitute for traditional banking, says RBI's CAFRAL

India's fintech sector can potentially emerge as a substitute for traditional banking in the near future, said a report by CAFRAL, while stressing the need for a "quick and nimble" regulation to ensure growth of digitalisation and financial stability. Reserve Bank Governor Shaktikanta Das on Tuesday released the first flagship publication of the Centre for Advanced Financial Research and Learning (CAFRAL) with the title India Finance Report 2023 (IFR 2023).

https://www.business-standard.com/industry/news/fintech-can-emerge-as-substitute-for-traditional-banking-says-rbi-s-cafral-123110701014_1.html

Capex hikes may go in the slow lane to trim fiscal deficit

The finance ministry has started discussions on reducing the pace of increase in capital spending in the interim budget for FY25 to align expenditure with the proposed fiscal consolidation glide path, said an official aware of the talks. The government has set a target of lowering the fiscal deficit over the next two years to 4.5% of GDP by FY26 from 5.9% budgeted in the current year. The government will present an interim budget for FY25 in February, leaving the full budget to the next government after elections a few months after that. The final decision will be taken closer to the interim budget, the official told ET.

<https://economictimes.indiatimes.com/news/economy/finance/capex-hikes-may-go-in-the-slow-lane-to-trim-fiscal-deficit/articleshow/105052838.cms>

Centre authorises release of tax devolution of Rs 72,961 crore to states

The Centre on Tuesday authorised release of tax devolution of Rs 72,961.21 crore to states for November. "The Union Government has authorised the release of tax devolution of Re 72,961.21 crore to State Governments for the month of November 2023, on 7th November instead of the usual date 10th November," the Union finance ministry said in a statement. This will enable the state governments to make in-time releases and add to the festivities and celebrations among the people, it added.

<https://economictimes.indiatimes.com/news/economy/finance/centre-authorises-release-of-tax-devolution-of-rs-72961-crore-to-states/articleshow/105044555.cms>

Industry

PLI disbursement for white goods expected to start from Q4: DPIIT Secretary

The government is expected to start disbursement of fiscal incentives under PLI for white goods in the last quarter of this financial year as certain selected beneficiary firms have started production, DPIIT Secretary Rajesh Kumar Singh said on Tuesday. The production linked incentive (PLI) scheme on white goods seeks to encourage domestic manufacturing of air conditioners and LED light components. "In the last quarter (January-March), we are expecting some disbursements," Singh told reporters on the sidelines of the India Korea Business Partnership Forum meeting here. Of the 64 selected beneficiaries of the PLI scheme, 15 have started production. These 15 beneficiaries had opted for a gestation period of up to March 31, 2022. Rest of the beneficiaries who opted for gestation period of up to March 31, 2023 are at different stages of implementation.

<https://economictimes.indiatimes.com/news/economy/policy/pli-disbursement-for-white-goods-expected-to-start-from-q4-dpiit-secretary/articleshow/105045252.cms>

FMCG sales climb as rural demand sees green shoots

India's packaged consumer goods grew 9% by value and 8.6% by volume in the September quarter from the year earlier, aided by higher spending in rural India for both essentials and discretionary products, researcher NielsenIQ said. It attributed the growth to cooling inflation, a decline in unemployment and lower LPG prices. Economists said it needed to be seen if the trend would persist beyond festive season and that much will depend on agricultural output. "With kharif output to be sub-optimal, I believe revival cannot be taken for granted," said Madan Sabnavis, chief economist, Bank of Baroda. This comes after four quarters of subdued growth in rural markets, which had

declined 2-5% as consumers had been either downtrading (buying lower-priced products) or not purchasing as many goods, impacted by soaring food and fuel prices.

<https://economictimes.indiatimes.com/industry/cons-products/fmcb/fmcb-sales-climb-as-rural-demand-sees-green-shoots/articleshow/105052839.cms>

India Inc not in the crosshairs for now from Middle East conflict: Crisil

The ongoing conflict in the Middle East, confined mainly to the Gaza region now, has caused only negligible disruption in India's trade so far, said Crisil Ratings, implying that the Indian companies were not in the crosshairs for now. Some sectors such as fertilisers and diamonds -- both cut and polished -- may see a slight, but manageable, impact, while for most others impact will be insignificant, the rating agency said on Tuesday in a report. However, the conflict has driven up prices of gold and crude oil. "Their trajectories will bear watching, especially crude oil, given India's high dependence on its import. Also, elevated crude oil prices have a cascading impact on a host of other sectors that consume the oil itself or linked raw materials," the Crisil report noted.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-inc-not-in-the-crosshairs-for-now-from-middle-east-conflict-crisil/articleshow/105040095.cms>

Gold prices may go up to Rs 63,000 in medium-term: Motilal Oswal

"This year, gold witnessed a roller-coaster ride providing both bulls and bears an opportunity; which too offered bargain levels for long term investments. Aggressive rate hikes by major central banks briefly took the sheen out of bullion. However, recent geopolitical tensions and expectations of a pivot in current monetary policy stance provided a strong support to gold prices," the Motilal Oswal report states. There certainly are some headwinds for the precious metal like expectations of soft landing, further rate hikes, ease off in geo-political tensions, and higher real rates. However, risk premium is being priced in gold, from pandemic, to Russia-Ukraine war and the latest Israel-Hamas dispute, the report states.

<https://economictimes.indiatimes.com/industry/cons-products/fashion/-/cosmetics/-/jewellery/gold-prices-may-go-up-to-rs-63000-in-medium-term-motilal-oswal/articleshow/105043351.cms>

Agriculture

Basmati rice prices improve after easing of MEP, low output fears

Prices of basmati paddy have gone up from their lows seen a couple of weeks ago because of the easing of the minimum export price (MEP), and this should enable resuming export amid concern over a lower than expected crop in 2023-24, trade and market sources have said. The improvement in prices should benefit farmers though reports of a production drop are cause for concern for them. They had to bear the brunt of falling prices due to a high MEP.

https://www.business-standard.com/economy/news/basmati-rice-prices-improve-due-to-easing-of-mep-low-output-fears-123110701167_1.html

Infrastructure

IBBI seeks to smoothen insolvency processes for real estate projects

Insolvency regulator IBBI proposes to roll out a slew of measures aimed at providing comfort to home buyers while speeding up the insolvency processes of real estate projects under the Insolvency and Bankruptcy Code (IBC). It has, in a new discussion paper, come up with five new proposals including requiring IRPs/RPs to apply for project-wise registration with RERA; enabling Committee of Creditors (CoCs) to examine and invite separate plans for each project and excluding property in the possession of allottees from liquidation estate.

<https://www.thehindubusinessline.com/news/real-estate/ibbi-seeks-to-smoothen-insolvency-processes-for-real-estate-projects/article67509464.ece>

Telecom

Trai asks Principal Entities to onboard digital consent acquisition system

In line with its drive to curb spam and pesky messages, TRAI on Tuesday asked banks and other entities sending out commercial messages to telecom subscribers via SMS or voice calls to take "urgent" steps to be onboard Digital

Consent Acquisition (DCA) system as per stipulated timelines. The DCA has the facility to seek, maintain, and revoke the consent of customers for commercial and promotional messages and calls.

https://www.business-standard.com/industry/news/trai-asks-principal-entities-to-onboard-digital-consent-acquisition-system-123110701386_1.html

External

Will not accept unfair taxes on steel, aluminum industry: Piyush Goyal

Expressing serious concerns over the European Union's move to impose carbon tax on imports from certain sectors like steel, Commerce and Industry Minister Piyush Goyal on Tuesday assured the domestic industry that India will not accept such unfair taxes and will fight to get a fair deal for producers and exporters. He said India has already flagged its concerns over the carbon tax with the European Union (EU) and in the WTO (World Trade Organization).

https://www.business-standard.com/economy/news/will-not-accept-unfair-taxes-on-steel-aluminum-industry-piyush-goyal-123110700523_1.html

Govt looking into dumping issue of certain steel products: Steel Secy

The government is looking into issues surrounding dumping of certain categories of steel products into the Indian market, Steel Secretary Nagendra Nath Sinha said on Tuesday. The statement comes amid the industry raising concerns over the rise in steel imports. In October India remained the net importer of steel. The Ministry of Finance is looking at dumping issues of certain categories of steel products and will take a final call on the anti-dumping duty, Sinha told reporters at the '4rth ISA Steel Conclave' event here.

https://www.business-standard.com/industry/news/govt-looking-into-dumping-issue-of-certain-steel-products-steel-secy-123110701199_1.html

SEZs should be allowed to sell goods in domestic market on payment of duty foregone on inputs: GTRI

The government should consider allowing the sale of products manufactured in Special Economic Zones (SEZs) in the domestic market on payment of duty foregone on inputs as that would help promote value addition, think tank GTRI said on Tuesday. At present, units in SEZs are allowed to sell their products in the Domestic Tariff Area (DTA or domestic market) on payment of duties on an output basis (finished goods). The Global Trade Research Initiative (GTRI) said the government already allows DTA sales on payment of duty foregone on input basis to firms operating under the 'Manufacturing and Other Operations in Warehouse Regulations (MOOWR)' scheme.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/sezs-should-be-allowed-to-sell-goods-in-domestic-market-on-payment-of-duty-foregone-on-inputs-gtri/articleshow/105038552.cms>