



November 22, 2023 – Wednesday

## Economy

### **Risks of recession may reappear in 2024: India's Finance Ministry**

With uncertainties linked to higher food and energy prices persisting amid geopolitical tensions, the Finance Ministry in its monthly review has said that risks of recession may reappear in 2024. Inflation has kept both the government and the RBI on high alert, it said. Global trade numbers are expected to be under pressure owing to a declining world merchandise trade volume, which was reflected in the WTO's October 2023 Global Trade Outlook and Statistics. Higher value imports and lower exports dragged India's trade deficit in October to a record high.

<https://economictimes.indiatimes.com/news/economy/indicators/risks-of-recession-may-reappear-in-2024-indias-finance-ministry/articleshow/105385073.cms>

### **Economy lost momentum by 80-100 bps in Q2 to 6.8-7%: Analysts**

The economy has likely decelerated by 80-100 bps year-on-year in the second quarter to 6.8-7 per cent, with utilities, services and construction sectors showing robust growth on the back of strong domestic demand, while external demand continues to remain weak, according to economists. In a note, ahead of the Q2 GDP data release on November 30, domestic rating agency Icri economist has pegged the GDP growth at 7 per cent, while British brokerage Barclays see it at 6.8 per cent. We estimate that Q2 FY24 expanded by 6.8 per cent year-on-year, slower than the 7.8 per cent in Q2 FY23, but still showing robust sequential growth. Underlying growth trends continue to look robust with activity underpinned by domestic consumption, high levels of state-led capex and strong growth in the utilities sectors, Rahul Bajoria of Barclays said in a note Tuesday.

<https://economictimes.indiatimes.com/news/economy/indicators/economy-lost-momentum-by-80-100-bps-in-q2-to-6-8-7-analysts/articleshow/105390648.cms>

## Banking and Finance

### **States may not fully utilise Rs 1.3 trn capex loan in FY24**

Going by the trends so far, states are likely to be able to utilise around Rs 1 trillion from the Centre's Rs 1.3 trillion 50-year interest-free capex loans facility for the current financial year. Till November 7, the Centre had sanctioned Rs 1.1 trillion or 85% of the capex loans facility, more than half of which was already disbursed. Of the total outlay of Rs 1.3 trillion for capex loans to states in FY24, the tied component is Rs 0.3 trillion. Due to paucity of time owing to a clutch of state elections by end-2023, the Centre had relaxed the norms to release two-thirds of the untied loans amounting to Rs 0.67 trillion in the first instalment itself instead of the earlier plan to release one-third or Rs 0.33 trillion in the first instalment.

<https://www.financialexpress.com/policy/economy-states-may-not-fully-utilise-rs-1-3-trn-capex-loan-in-fy24-3312409/>

### **States borrowing cost slips to 7.67 per cent**

After hitting a near three-year high last week, the average cost on states' borrowings has eased a tad this week's auction by 4 bps to 7.67 per cent amid lower-than-indicated issuance. According to Icri Ratings, the weighted average cut-off or pricing of bonds eased by 4 bps to 7.67 per cent even as the supply eased a tad after rising for

four weeks when states borrowed more than the estimated amount. At the auction held on Tuesday, 11 states raised Rs 11,600 crore by selling state government securities (SGS), which trailed by over 22 per cent from the amount indicated for this week in the Q3 auction calendar at Rs 15,000 crore. As a result, the weighted average cut-off or interest payable eased by 4 bps 7.67 per cent from 7.71 per cent last week, which was a 34-month high.

<https://economictimes.indiatimes.com/news/economy/indicators/states-borrowing-cost-slips-to-7-67-per-cent/articleshow/105392430.cms>

## Industry

### 1 mn electric 2-wheelers sales target for FY24 hit by tepid festival sales

Industry projections that registrations of electric two wheelers will reach the one million mark by FY24 are looking unrealistic. Sales in the festive season have been lower than expected. Registrations reached only 0.5 million in the first eight months of the financial year with only a few days of November left. "We would have had to reach at least 1 lakh a month in the festive season of October and November to get the momentum for 1 million but that has not happened. We expect the next months to be a period of lull so we have to wait for FY25 sometime from May and June for the momentum towards 1 lakh per month to pick up," said the founder.

[https://www.business-standard.com/industry/auto/electric-two-wheelers-sales-decline-far-short-of-fy24-expectations-123112101106\\_1.html](https://www.business-standard.com/industry/auto/electric-two-wheelers-sales-decline-far-short-of-fy24-expectations-123112101106_1.html)

### Funding winter for Indian startups likely to end by March: Experts

Investors attending the TiE Global Summit (TGS) exuded confidence that funding winter for Indian startups will end by March but said budding entrepreneurs seeking funds must come up with credible plans to generate returns on investments, as fancy valuations will no longer impress global fund managers. Funding winter, which refers to the drying up of funds for startups, remained the overarching theme at the recently concluded TGS 2023, the eighth edition of the flagship event organised by TiE.

<https://www.financialexpress.com/business/sme/funding-winter-for-indian-startups-likely-to-end-by-march-experts/3313095/>

### PE/VC investments decline to USD 3.4 billion in Oct: Report

Investments by Private Equity and Venture Capital (PE/VC) funds have declined to USD 3.4 billion for October, a report said on Tuesday. By value, the bets were 3 per cent lower than USD 3.5 billion in the year-ago period, and 19 per cent lower than USD 4.2 billion in September, the report by industry lobby grouping IVCA and EY, a consultancy, said. "Although the Indian consumption story continues to remain strong, the increase in uncertainty on account of global factors and impending state and central elections in India seem to be slowing down progress in deal pipeline activity," the consultancy firm's partner Vivek Soni said.

<https://economictimes.indiatimes.com/industry/banking/finance/pe/vc-investments-decline-to-usd-3-4-billion-in-oct-report/articleshow/105386622.cms>

## Agriculture

### Crop insurance scheme PMFBY makes comeback, enrollments jump

The Pradhan Mantri Fasal Bima Yojana (PMFBY), the marquee crop insurance scheme of the Narendra Modi government, is showing signs of revival after a years-long slump. When the kharif season concluded recently, the number of farmers enrolled in the scheme reached an all-time high of 25 million. The share of non-loanee farmers – those who opted for the scheme voluntarily without using it as cover against a loan – jumped to almost 44.5 per cent (or 11.1 million). Total enrollments for PMFBY is at the highest since 2018, data showed. In the previous kharif season, around 20.4 million farmers had opted for PMFBY, of which around 42 per cent were non-loanee. The increase indicates voluntary acceptance of the scheme among

[https://www.business-standard.com/industry/agriculture/crop-insurance-scheme-pmfby-makes-comeback-enrollments-jump-123112101086\\_1.html](https://www.business-standard.com/industry/agriculture/crop-insurance-scheme-pmfby-makes-comeback-enrollments-jump-123112101086_1.html)

## Infrastructure

### **Domestic air traffic touches new peak with 4,59,526 passengers on Nov 20**

For the third straight day, the country's domestic air traffic touched a new peak on Monday as airlines carried 4,59,526 passengers. With the traffic numbers touching a fresh single-day record on Monday (November 20), the civil aviation ministry said that post-Covid, India's domestic aviation turnaround story has not just been overwhelming but inspiring as well. "Positive attitude, progressive policies, and deep trust among passengers are taking it to new heights with every flight, every day," the ministry said in a post on X. On November 20 (Monday), there were 4,59,526 passengers and the total flight movements stood at 5,958, as per the latest official data.

[https://www.business-standard.com/industry/news/domestic-air-traffic-touches-new-peak-with-4-59-526-passengers-on-nov-20-123112100838\\_1.html](https://www.business-standard.com/industry/news/domestic-air-traffic-touches-new-peak-with-4-59-526-passengers-on-nov-20-123112100838_1.html)

### **Railway capex budget rules encourages finance ministry to expand model**

Encouraged by its success in getting the Railway Ministry to better manage capital investments, the Finance Ministry could extend a unique model developed this year to other ministries that will have large targets in the upcoming Budget. For transparency and long-term planning in capital investments by the Railways, the Finance Ministry instituted a system of Memorandum of Meeting (MoM) in Financial Year 2023-24 (FY24). It was a new approach to bind the Railway Board, the top-decision making body of the national transporter, to plan how it would spend the Rs 2.4 trillion provided in Budget FY24 for capex. Of the approximately Rs 10 trillion the Budget provided for capex, the Railways got the largest share.

[https://www.business-standard.com/economy/analysis/railway-capex-budget-rules-encourages-finance-ministry-to-expand-model-123112100799\\_1.html](https://www.business-standard.com/economy/analysis/railway-capex-budget-rules-encourages-finance-ministry-to-expand-model-123112100799_1.html)

## Energy

### **Draft mineral auction rules: Single bidder allowed in second attempt**

The Centre has unveiled the Draft Mineral (Auction) Second Amendment Rules, 2023, signalling a significant shift in the bidding regulations for mining contracts. The proposed alterations introduce a significant relaxation, overturning the previous mandate requiring a minimum of three technically qualified bidders for the auction's progression. This amendment aims to streamline and maintain the auction process, especially in situations with restricted participation, ultimately accelerating the allocation of mining contracts.

[https://www.business-standard.com/economy/news/draft-mineral-auction-rules-single-bidder-to-be-allowed-in-second-attempt-123112100975\\_1.html](https://www.business-standard.com/economy/news/draft-mineral-auction-rules-single-bidder-to-be-allowed-in-second-attempt-123112100975_1.html)

### **Rising cost of imported coal may impact power tariffs**

Global coal prices, which were trading at a lower range in the first half of the current financial year, are likely to see a spurt in the second half, likely having an impact on domestic e-auction prices of the fuel as well. However, Coal India may still not revise the prices up through the year, analysts said. The state-run company may come under greater pressure to scale up output to mitigate the effect of higher prices of imported coal on the power companies and electricity tariffs to the consumers.

<https://www.financialexpress.com/market/commodities-rising-cost-of-imported-coal-may-impact-power-tariffs-3312412/>

### **India needs to add 80 GW coal power by 2030 to meet demand: Union minister**

India needs to add thermal coal-based power generation capacity of 80 GW against the 27 GW currently under construction as the peak power demand in the country would spike to 335 GW by 2030 from 241 GW at present, Union Power Minister R K Singh said on Tuesday. Singh presided over a review meeting on thermal power capacity addition in the country where independent power producers and state-owned generators NTPC, SJVN, NHPC, DVC, THDCIL, and NLCIL participated virtually and in physical mode on Tuesday.

[https://www.business-standard.com/industry/news/india-needs-to-add-80-gw-coal-power-by-2030-to-meet-demand-union-minister-123112100958\\_1.html](https://www.business-standard.com/industry/news/india-needs-to-add-80-gw-coal-power-by-2030-to-meet-demand-union-minister-123112100958_1.html)

## Telecom

### Mobile broadband user base inches up to 839 million

India's mobile broadband (MBB) user base grew at a modest 7.2% in the last one year to 839 million though the pace of additions accelerated from August fuelled by greater adoption of Reliance Jio's affordable internet-enabled 4G phone. The scenario underlines the challenges for telcos to entice featurephone users to upgrade to pricier plans that offer higher margins. Industry executives and analysts are, however, optimistic that the growth in 4G subscriptions will continue during the festive season and the rest of the financial year thanks to stable tariffs and fall in 4G handset prices.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/mobile-broadband-user-base-inches-up-to-839-million/articleshow/105395080.cms>

## States

### Karnataka to import 2.5 lakh tonnes of coal at \$86 per tonne

The Karnataka government has decided to procure 2.5 lakh metric tonnes of imported coal at \$86 per tonne, state Additional Chief Secretary (Energy Department) Gaurav Gupta said on Tuesday. Gupta said a decision to this effect was taken by the Karnataka Power Corporation Limited (KPCL). Accordingly, a work order has been issued but supply is yet to start. "The state has given an order for 2.5 lakh tonnes of coal. We have issued orders by calling tenders. We will not disclose from where it will be brought. It will be imported coal, which generally comes from Indonesia. The rate is \$86 per ton," he said at a press conference. Gupta said there are instructions from the Union Ministry of Power to use imported coal in all the thermal power stations. They have said a minimum six per cent (of imported coal) has to be used. Further, it depends on the design of the thermal power station.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/karnataka-to-import-2-5-lakh-tonnes-of-coal-at-86-per-tonne/articleshow/105391010.cms>

### UK to establish intelligent mobility skill centre in West Bengal

The UK government on Tuesday released a roadmap for establishing an Intelligent Mobility Skill Centre (IMSC) in West Bengal. The roadmap was unveiled in presence of West Bengal Urban Development and Municipal Affairs Minister Firhad Hakim, senior officials from state technical education, and UK government officials, a statement said. Underlining the UK's expertise in clean mobility solutions, the project, ASPIRE, has brought together UK-based NPTC Wales and Snap E, an electric taxi provider in Kolkata, to collaborate with the West Bengal government in providing training to women to drive electric cabs, it added.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/uk-to-establish-intelligent-mobility-skill-centre-in-west-bengal/articleshow/105389224.cms>

## External

### India's non-basmati rice export slumps 57% in September on duty hike

India's non-basmati rice exports dropped by about 57 per cent in volume terms and 60 per cent in value in September this year as compared to the same month last year, following a slew of measures taken by the government. However, the basmati rice exports rose almost 5.7 per cent in volume terms and 20.5 per cent in value in September 2023 as compared to the same month last year, according to the data from various agencies.

[https://www.business-standard.com/industry/news/india-s-non-basmati-exports-slump-57-in-september-on-duty-hike-123112001001\\_1.html](https://www.business-standard.com/industry/news/india-s-non-basmati-exports-slump-57-in-september-on-duty-hike-123112001001_1.html)

### India's FDI equity inflows contracts 24% \$20.5 billion in H1 FY24

Foreign direct equity investments into India fell by 24 per cent to \$20.5 billion during the first six months of the financial year 2023-24 in comparison to a year earlier, according to data released by the industry department on Tuesday. While the government did not officially cite any reason for a sustained contraction in FDI inflows, the decline comes against the backdrop of uncertainties and challenges in the global economy. Foreign direct equity

investments declined by over a fifth to \$46.03 billion during the previous financial year. Investments from overseas continued to fall even in April, May, June, July and August.

[https://www.business-standard.com/economy/news/india-s-fdi-equity-inflows-contracts-24-20-5-billion-in-h1-fy24-123112101162\\_1.html](https://www.business-standard.com/economy/news/india-s-fdi-equity-inflows-contracts-24-20-5-billion-in-h1-fy24-123112101162_1.html)

#### **ASEAN wants India to join RCEP for greater market access: Secretary-General Kao**

ASEAN Secretary-General Dr Kao Kim Hourn has said that the 10-member bloc of the Southeast Asian countries wants India to join the landmark Regional Comprehensive Economic Partnership (RCEP) for greater market access as he asserted that all partners stand to gain from the inclusive, open and rule-based trade pact. Dr Kao also said that India and ASEAN have been working together across different sectors - from space to investment, to tourism, to the defence sector and counter-terrorism, among others - and advocated expanding such cooperation in new sectors. Talking to a select group of Indian journalists here on Monday evening, Dr Kao said joining the Regional Comprehensive Economic Partnership (RCEP) would benefit India as the agreement would provide greater market access.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/asean-wants-india-to-join-rcep-for-greater-market-access-secretary-general-kao/articleshow/105376278.cms>

#### **India developing sea protocols for fresh fruits, vegetables to promote exports through ocean routes**

India is developing sea protocols for various fresh fruits and vegetables like bananas, mangoes, pomegranates and jackfruit to promote their exports through ocean routes, a senior government official said on Tuesday. At present, most of these exports are happening by air route because of lower volumes and different ripening periods. The protocol includes understanding voyage time, scientifically understanding the ripening of these commodities, harvesting at a particular time and training of farmers. These protocols will be different for different fruits and vegetables.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-developing-sea-protocols-for-fresh-fruits-vegetables-to-promote-exports-through-ocean-routes/articleshow/105386898.cms>

#### **IPEF members resolve to cooperate in combating corruption, seizing proceeds of crime under proposed pact**

India, the US, and 12 other IPEF members have announced conclusion of talks for a proposed free economy agreement under which they resolved to cooperate for combating corruption and seizing proceeds of crime. The 14 members of the Indo-Pacific Economic Framework For Prosperity Partner (IPEF) grouping announced the conclusion of talks for the proposed fair economy agreement in San Francisco last week. According to the joint statement from Indo-Pacific Economic Framework For Prosperity Partner (IPEF) nations, under the IPEF Fair Economy Agreement, the countries are committed to working together to enhance transparency, and accountability in their economies to improve the trade and investment environment in the Indo-Pacific region.

<https://economictimes.indiatimes.com/news/economy/policy/ipef-members-resolve-to-cooperate-in-combating-corruption-seizing-proceeds-of-crime-under-proposed-pact/articleshow/105391419.cms>