



November 30, 2023 – Thursday

Economy

Centre extends PMGKAY free foodgrain scheme for another 5 years till 2029

Ahead of the 2024 general elections, the Union Cabinet on Wednesday gave its approval to extend the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY), a free foodgrain scheme that benefits over 800 million people, for five years, starting from the new year. This will entail an estimated expenditure of Rs 11.80 trillion. The scheme was set to expire at the end of this calendar year after several extensions.

https://www.business-standard.com/economy/news/cabinet-extends-free-foodgrains-scheme-for-5-years-starting-jan-1-2024-123112900801_1.html

Female labour force participation rises to 24%; unemployment declines below 9%: Survey

The position of women in the urban job market improved further in the second quarter of FY24, with the female labour force participation rate rising to 24% compared with 23.2% in the previous quarter and 21.7% in Q2FY23, showed government data released on Wednesday. The unemployment rate, although higher than men, declined below the 9% mark in Q2FY24 for the first time in over three years, according to the Periodic. Female urban unemployment fell to 8.6% in Q2FY24 compared with 9.1% in the previous quarter. The overall unemployment rate remained unchanged from the previous quarter at 6.6%, as the male unemployment rate rose to 6% from 5.9% in the previous quarter.

<https://economictimes.indiatimes.com/news/economy/indicators/female-labour-force-participation-rises-to-24-unemployment-declines-below-9-survey/articleshow/105599578.cms>

Cabinet approves providing 15,000 drones to women Self Help Groups

Union Cabinet, chaired by Prime Minister Narendra Modi, on Wednesday approved a scheme under which the central government will provide drones to as many as 15,000 Women's Self Help Groups over the next four years. These drones will be provided during 2023-24 and 2025-2026. The SHGs would be able to provide those drones as rental services to farmers for agricultural uses. The estimated capital outlay for the scheme is pegged at Rs 1,261 crore over the next four years.

<https://economictimes.indiatimes.com/news/economy/policy/cabinet-approves-providing-15000-drones-to-women-self-help-groups/articleshow/105589840.cms>

India's GDP growth expected to slow to 6.3% in FY24: OECD economic outlook

The Organisation for Economic Cooperation and Development (OECD) on Wednesday retained its growth projection for India at 6.3 per cent for FY24 holding that surging services exports and public investment will continue to drive the economy. The organisation, however, said the economy will slow down to 6.1 per cent in FY25 due to adverse weather-related events and the weakening international outlook. "Inflation will decline progressively, with corresponding improvements of purchasing power. This, along with the end of the El Niño weather pattern, productivity gains from recent policy reforms, and improved global conditions, will help economic activity to strengthen, with projected real GDP growth of 6.5 per cent in FY 2025-26," OECD said in its latest Economic Outlook.

https://www.business-standard.com/economy/news/india-s-gdp-growth-expected-to-slow-to-6-3-in-fy24-oecd-economic-outlook-123112900933_1.html

Indian economy expected to sustain strong growth amid global gloom

Indian economy is likely to continue its strong growth in the quarter to end of September, helped by a solid urban consumption and government spending, outpacing a slowing global economy squeezed by elevated interest rates and higher energy prices. Asia's third-largest economy is expected to grow at 6.8 in the July-September quarter compared with a year earlier, according to a Reuters poll. India will release the quarterly gross domestic product figures at 1200 GMT on Thursday. India's is seen as the bright spot globally as some Western countries are flirting with the possibility of recession, while China, the world's second-largest economy, has slowed down.

https://www.business-standard.com/economy/news/indian-economy-expected-to-sustain-strong-growth-amid-global-gloom-12311300058_1.html

Banking and Finance

SEBI urges municipal corporations to enhance transparency for urban infrastructure bonds

Sebi chairperson Madhabi Puri Buch on Wednesday asked municipal corporations to display higher levels of transparency by creating digital escrow accounts to ring-fence certain cash flows and obtain credit ratings to burnish the allure of their bonds, adding that investor appetite for quality securities remains strong. Speaking at an event on Leveraging Private Finance for Urban Infrastructure-Learnings from G20 Infrastructure Working Group in the capital, Buch also called on these bodies to explore obtaining credit enhancement, if required. There are enough investors who are interested in putting money into securities issued by such bodies if they adopt greater transparency, she indicated. "A combination of escrow (account structure) and credit enhancement can attract a large number of investors in urban infrastructure.

<https://economictimes.indiatimes.com/news/economy/policy/sebi-urges-municipal-corporations-to-enhance-transparency-for-urban-infrastructure-bonds/articleshow/105602262.cms>

Cabinet approves 'terms of reference' for 16th Finance Commission

In a departure from convention, the Union Cabinet late on Tuesday approved the terms of reference for the Sixteenth Finance Commission (SFC) without revealing the names of its chairman and members. Announcing the decision on Wednesday in a press briefing, Information and Broadcasting Minister Anurag Singh Thakur said the chairman and members will be appointed "as soon as possible" as the commission has to finish its report in two years.

https://www.business-standard.com/economy/news/cabinet-approves-constitution-of-16th-fc-without-revealing-the-names-123112901153_1.html

Corporate debt servicing improves despite higher interest cost

Despite a 60 basis point (0.60 percent) rise in policy rates between September 2022 and September 23, corporate debt servicing as measured by interest coverage ratio improved from 4.49 in September'22 to 5.64 in September 23 implying higher lending rates have not hit debt servicing capacity of Indian firms. Interest coverage ratio or ICR is a measure of debt servicing capacity of a firm. The improvement ICR goes to show that the fear that higher repo rate leading to higher lending rates would pressurise companies has been put aside, a report by Bank of Baroda said. "Interest cover ratio of the companies has shown a marked improvement, led by both lower growth in interest costs as well as higher growth in profits" said Aditi Gupta, economist at Bank of Baroda in a report. "This bodes well from the perspective of debt service capability of these companies".

<https://economictimes.indiatimes.com/news/economy/indicators/corporate-debt-servicing-improves-despite-higher-interest-cost/articleshow/105598495.cms>

Small finance banks wants RBI to clear doubt about micro loan risk weightage

The small finance banks (SFBs) are an anxious lot nowadays as the Reserve Bank of India did not specifically mention on whether microfinance loans are exempted from the higher risk weightage norm recently issued by the regulator. The banks individually as well as a group have reached out to the RBI seeking clarification on the regulation, people familiar with the matter said. The confusion arose because the regulator categorically exempted microfinance and self-help group loans from the requirement of higher capital allocation for non-banking finance companies (NBFCs) while it remained silent about the status of microfinance loans for banks including SFBs.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/small-finance-banks-wants-rbi-to-clear-doubt-about-micro-loan-risk-weightage/articleshow/105592710.cms>

IRDAI ups scrutiny of broking deals, approvals take longer

The Insurance Regulatory and Development Authority of India (Irdai) has increased scrutiny on the ultimate beneficiaries in the transfer of shares within the insurance broking sector. This increased diligence has led to an extension in the approval timelines, with the three-four month period stretching (on average) to beyond nine months. The sale of Aditya Birla Insurance Brokers to Samara Capital, filed in March, is currently awaiting approval from the Irdai. The regulator, in this particular case, is seeking specific information regarding the general partners (GPs) backing Samara Capital, said two sources. In March, Aditya Birla Capital had approved sale of 50% share capital in its insurance broking business to Edme Services, part of Samara Capital group, an affiliate of Samara Alternate Investment Fund, for ₹455 crore.

<https://economictimes.indiatimes.com/industry/banking/finance/insure/irdai-ups-scrutiny-of-broking-deals-approvals-take-longer/articleshow/105602527.cms>

Industry

PLI for batteries may be tweaked, half of sops to boost grid

The government is likely to reserve half of the 20 GWh (gigawatt hours) cell manufacturing capacity under the Production Linked Incentive (PLI) scheme for Advanced Chemistry Cell (ACC) battery storage systems for the general grid, a senior official said Wednesday. Battery energy storage systems enable energy from renewables like solar and wind – which is unstable and its output fluctuates – to be stored and released when the power is needed the most.

<https://www.financialexpress.com/business/industry-pli-for-batteries-may-be-tweaked-half-of-sops-to-boost-grid-3321112/>

Companies trying to junk consumer notions on packaged food

Weikfield Foods chief executive DS Sachdeva subjected himself to a ‘lie detector’ test in a YouTube video last month. The ‘interrogator’ asks him whether Weikfield’s pasta is truly as healthy as claimed on the pack. “Yes,” he says, and the machine beeps in agreement. “We want to dispel the perception that pasta is junk food. We need to tell consumers our pasta actually has iron equivalent to two bowls of spinach,” Sachdeva told ET. The campaign has got about two million views on YouTube. Weikfield is not alone. India’s largest packaged foods companies, ranging from Nestle, ITC, Britannia, Hindustan Unilever Ltd (HUL) and Parle Products to Amul, are working hard to convince consumers that they’re not purveying junk.

<https://economictimes.indiatimes.com/industry/cons-products/food/companies-trying-to-junk-consumer-notions-on-packaged-food/articleshow/105605736.cms>

Wedding season: No significant pick-up in demand for gold jewellery, household and kitchen appliances in semi-urban & rural markets

There has been no significant pick up in wedding demand for categories like gold jewellery, household and kitchen appliances in the semi urban and rural markets this year, including the largest Hindi heartland belt. This is driven by the fact that daily household inflation is yet to sober down completely impacting consumption amongst masses or people with low-to-mid income levels. Overall consumption in small towns and rural areas is impacted for 6-8 quarters now due to inflation though the rich in these markets are buying, that too premium products. “Sales of appliances have dropped to 2020 levels post Diwali with no uptake during the marriage season,” said Godrej Appliances business head Kamal Nandi.

<https://economictimes.indiatimes.com/news/economy/indicators/wedding-season-no-significant-pick-up-in-demand-for-gold-jewellery-household-and-kitchen-appliances-in-semi-urban-rural-markets/articleshow/105597027.cms>

Android smartphone makers offering more software updates as premiumisation picks up pace in India

Android smartphone makers are upping their software update game, with some such as Samsung, Xiaomi and Oppo promising four years of major Android updates and another year of security updates, instead of the standard two

version upgrades, as premiumisation picks up pace in India. Samsung was the first among Android smartphone makers to announce scaling up of its after-sale software support with four generations of Android updates and five years of security updates across its ecosystem of devices, including smartphones, tablets and smartwatches. The company's rationale for the move was that many of its customers were choosing to keep their devices for longer, whether they loved their specific smartphone model or wanted to help contribute to a more sustainable world.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/android-smartphone-makers-offering-more-software-updates-as-premiumisation-picks-up-pace-in-india/articleshow/105592570.cms>

Agriculture

We are trying to gradually raise the productivity of Indian cotton farmers: Textile secretary

The textile ministry will soon complete its final evaluation of the pilot study conducted in association with the ministry of agriculture to gradually raise the productivity of Indian cotton farmers to the global level, it said on Wednesday. "We are trying to gradually raise the productivity of Indian cotton farmers from the average 450 kg per hectare to global levels of 1,500-2,200 kg per hectare," said Rachna Shah, textile secretary. The evaluation of the study, which started last year and covers 15,000 farmers across ten major textile-producing states, will be available in January 2024. The ministry noted that it will be featuring more such innovations at the 81st Plenary Meeting of the International Cotton Advisory Committee (ICAC), which will be held in Mumbai from December 2-7.

<https://economictimes.indiatimes.com/news/economy/agriculture/we-are-trying-to-gradually-raise-the-productivity-of-indian-cotton-farmers-textile-secretary/articleshow/105589577.cms>

Infrastructure

India's first bullet train section to be complete by Aug 2026: Vaishnav

The first bullet train section in India, a 50-kilometre stretch between Bilimora and Surat in Gujarat, will be completed in August 2026, announced Railways Minister Ashwini Vaishnav on Wednesday. Vaishnav also discussed the Kavach system, an indigenously developed warning system to guard against on-track collisions. He further presented updates on technologies, such as the Gajraj system, to prevent elephant-train collisions, as well as the construction of extra tracks to better connect different parts of the country. The railways minister also said the number of new trains in India had increased from before the Covid-19 pandemic - from 1,768 mail/express services to 2,124 now and from 5,626 suburban services to 5,774 now.

https://www.business-standard.com/india-news/india-s-first-bullet-train-section-to-be-complete-by-aug-2026-vaishnav-123112900789_1.html

2023 set to see record housing sales on sustained demand

The residential real estate sector is set to end the year with record sales of over 7 lakh units in terms of volumes and over ₹7-lakh crore in terms of value, as housing demand remains sustained despite price hikes and elevated mortgage rates. 2023 is expected to end with residential sales of 706,680 units, a rise of 8.7 per cent from 2022, according to data and estimates provided to businessline by data and analytics platform PropEquity.

<https://www.thehindubusinessline.com/news/real-estate/2023-set-to-see-record-housing-sales-on-sustained-demand/article67586999.ece>

Energy

India unlikely to be hit by potential Opec+ production cut, say officials

India is not expected to be impacted by a potential cut in oil production by the Opec+ countries, given the existing lower global industrial demand outlook and continuing discounts on Russian crude, officials said. They said the oil flows to India would remain optimal in the short to mid-term. Opec+ nations will meet on Thursday to outline policy for the next three months, which is widely expected to hinge on further production cuts. Saudi Arabia is currently implementing production cuts of 1 million barrels per day (bpd) while Russia has instituted a voluntary export cut of 300,000 bpd till the end of the year.

https://www.business-standard.com/economy/news/india-won-t-be-impacted-by-potential-opec-production-cut-say-officials-123112900783_1.html

States

TN Govt signs pacts to attract ₹5567 cr investments from MSMEs in Chennai Dist

Tamil Nadu will see ₹5567 crore of investments by the Micro, small, and medium enterprises (MSMEs) in the Chennai region as the state government aggressively promotes new investments by conducting roadshows across cities and districts. The state government on Wednesday signed proposals to attract total investments of ₹5566.92 crore from 293 MSMEs representing auto parts, defence, electronics, and IT among other industries, operating in the Chennai district. This total investment is higher than the target of ₹4368 crore set for the district, TM Anbarasan, MSME Minister, Tamil Nadu government said in an official statement.

<https://www.thehindubusinessline.com/news/national/tn-govt-signs-pacts-to-attract-5567-cr-investments-from-msmes-in-chennai-dist/article67587511.ece>

Healthcare

Out of pocket expenditure projected to fall to 35% by FY26: Health secy

Out of pocket expenditure (OOPE) for healthcare services is projected to fall to 35 per cent by 2025-26, from 44 per cent recorded in the National Health Accounts of 2021, a senior government official said here today. Addressing a healthcare summit by Mint in New Delhi, Sudhansh Pant, Union Health Secretary, said that the fall in OOPE can be attributed to an increase in the share of government health expenditure from 45 per cent in 2021 to a projected 55 per cent by 2025-26.

https://www.business-standard.com/industry/news/out-of-pocket-expenditure-projected-to-fall-to-35-by-fy26-health-secy-123112901201_1.html

External

No new issue in agri till permanent solution on public stockholding: India at a WTO meet

India has told a WTO grouping with a major interest in farm trade that it will not discuss any new issue in the agriculture segment like imposition of export restrictions before a permanent solution is found with regard to public stockholding of food grains, an official said. This position was cleared during a mini-ministerial virtual meeting of about 28 WTO (World Trade Organisation) member countries on agriculture issues on November 28.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/no-new-issue-in-agri-till-permanent-solution-on-public-stockholding-india-at-a-wto-meet/articleshow/105600058.cms>

Brisk export orders stoke new season basmati rice prices in India

New season basmati rice prices in India have surged this year due to robust demand from the world's top buyers in the Middle East and Europe, forcing bulk buyers in wholesale grain markets to pay 10 per cent to 15 per cent more than last year. Last month's decision to cut a floor price for basmati rice exports to \$950 a tonne from \$1,200 a tonne has spurred a flurry of export contracts, boosting demand and pushing up prices in most wholesale markets of top grain growing states, farmers said.

https://www.business-standard.com/economy/news/brisk-export-orders-stoke-new-season-basmati-rice-prices-in-india-123112801145_1.html