



December 18, 2023 – Monday

Economy

Generative AI could boost India's economy by \$1.2-1.5 trillion in the next seven years: EY study

Generative AI could boost India's economy by \$1.2-1.5 trillion in the next seven years as the Gen AI revolution unfolds across the globe, promising significant disruption and innovation, according to an EY report. The report titled 'The Aldea of India: Generative AI's impact on India's digital growth' said that if India fully utilised Gen AI technology across various sectors, it could potentially contribute an additional \$359–438 billion to the economy in the fiscal year 2029–30. The EY analysis said that this would result in a 5.9% —7.2% increase in GDP compared to the baseline. About 69% of the expected impact is projected to originate from sectors such as business services, financial services, education, retail, and healthcare, due to improved employee productivity, operational efficiency, and much more robust customer engagement, as per the research.

<https://economictimes.indiatimes.com/news/economy/indicators/generative-ai-could-boost-indias-economy-by-1-2-1-5-trillion-in-the-next-seven-years-ey-study/articleshow/106063940.cms>

Banking and Finance

Rising cost of funds may squeeze bank NIMs by 30 bps more: CARE Ratings

Banks are likely to see their net interest margins (NIM) — broadly the difference between interest earned on loans and paid on deposits — shrink by another 30 basis points (bps) over the next few quarters. After hitting a peak of 3.3 per cent in the third quarter (Q3) of the financial year ended March 31, 2023 (FY23), NIMs have been on a downward trajectory, touching 3.13 per cent in Q2FY24 on higher cost of funds, according to capital markets firm CARE Ratings. Banks are still grappling with the Reserve Bank of India's policy rate increases — that have made deposits costlier as the interest payable to customers has increased — and the regulatory actions on unsecured lending.

https://www.business-standard.com/finance/news/bank-nims-may-dip-further-by-30-bps-over-few-quarters-care-ratings-123121700527_1.html

Banks open to exploring a pact on sharing default info with rating firms

After every blow up in the financial markets, credit rating agencies (CRAs), often the whipping boys in a fiasco, complain how they have been kept in the dark by lenders and financial institutions holding back sensitive facts. Will this ever change? Hints are that it finally may. For the first time, leading banks have said they are willing to explore an arrangement for sharing some information on corporate defaults with rating companies.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/banks-open-to-exploring-a-pact-on-sharing-default-info-with-rating-firms/articleshow/106069325.cms>

After RBI's tighter regulations, borrowing costs rise for NBFCs

A month after the Reserve Bank of India announced tighter regulations for credit to non-banking financial companies, cost of borrowing for these players has jumped sharply. Banks too are paying more for funds amid tight liquidity conditions in the banking system. The increase in borrowing costs - particularly in the crowded three-month segment of borrowing - comes after the RBI on November 16 announced new regulatory measures for NBFC credit.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/after-rbi-tighter-regulations-borrowing-costs-rise-for-nbfcs/articleshow/106069323.cms>

Vehicle loan securitisation is to reach about ₹70,000 cr in FY24

Vehicle loan securitisation is expected to cross the pre-pandemic peak levels to reach about ₹70,000 crore in FY24, according to a report from rating agency ICRA. Vehicle loans have a long track record in the Indian securitisation market. Volumes had seen an upward trajectory till FY20. Post the decline in volumes in FY21 due to the pandemic, they trended higher over the last two years. Securitisation volumes for vehicle loans picked up significantly to about ₹50,000 crore in FY23 from about ₹31,000 crore in FY22.

<https://www.thehindubusinessline.com/money-and-banking/vehicle-loan-securitisation-is-to-reach-about-70000-cr-in-fy24/article67647750.ece>

Insurers may get aid to deal with nature's fury

A parliamentary panel is set to suggest policy measures for the insurance sector to equip it to deal with the impact of natural calamities on large infrastructure projects, people familiar with the matter told ET. The standing committee on finance-headed by former minister of state for finance Jayant Sinha has considered issues around reinsurance following complications in insurance claims related to the Teesta Stage III Hydropower project in Sikkim that was washed away by a glacial lake outburst. The power project, which was completely washed down by a glacial lake outburst flood, was insured for ₹ 11,400 crore by a consortium of insurers, including a public sector entity, but reinsurers capped the payout at ₹500 crore. They cited the contract that provided compensation would be limited to ₹500 crore in the event of glacial lake outburst flood (GLOF).

<https://economictimes.indiatimes.com/industry/banking/finance/insure/insurers-may-get-aid-to-deal-with-natures-fury/articleshow/106069378.cms>

FinMin senses good savings this fiscal, 15 Ministries spent less than 30% in April-October

Finance Ministry expects 'good savings' in the current financial year as many Central Ministries and Departments have spent less than accounted for. This could mean their allocation is likely to be lowered in the revised estimate which, in turn, will help in meeting expenses on some key schemes besides limiting the deficit according to budget estimate. According to officials, Revised Estimates of a fiscal year are finalised on the basis of expenditure of budget allocation of the first six months. Similarly, Budget Estimate for the next fiscal is calculated on the basis of expenditure during the first nine months of the current fiscal. Data from the Controller General of Accounts (CGA) showed that all the central Ministries have spent over 47 per cent during first six months of current fiscal which rose to 53 per cent in the first seven months mainly on account of higher expenses by Road and Rail. Eight months data will be made public on December 31, while initial indication of nine months expenditure will be known to the government early next month.

<https://www.thehindubusinessline.com/economy/finmin-senses-good-savings-this-fiscal-15-ministries-spent-less-than-30-in-april-october/article67647622.ece>

Number of GST return filers up 65% to 11.3 mn in 5 years: Finance ministry

The number of GST return filers rose about 65 per cent to 11.3 million in 5 years till April 2023 as compliance by taxpayers improved, the finance ministry said on Sunday. Also, the number of active taxpayers registered under GST increased from 10.6 million as of April 2018, to 14 million. As per data shared by the ministry, 90 per cent of eligible taxpayers are filing GSTR-3B returns by the end of the filing month in current fiscal year, up from 68 per cent in 2017-18, the first year of GST rollout. "Simplification in Rules and Procedure in GST has resulted in increase in return filing percentage by eligible taxpayers," the ministry said in a post on X.

https://www.business-standard.com/finance/news/number-of-gst-return-filers-up-65-to-11-3-mn-in-5-years-finance-ministry-123121700306_1.html

NPS added 19% fewer fresh corporate subscribers in first half of FY24

The National Pension System (NPS) added 19 per cent fewer new subscribers under the corporate segment in the first half (April-September, H1) of the current financial year (FY24) versus the corresponding period a year ago, according to data from the Ministry of Statistics and Programme Implementation (MoSPI). Government officials and

experts attribute this to the higher exemption limit of income tax at Rs 7 lakh announced in this year's Budget. The exemption doesn't require employees under this income bracket to opt for NPS for tax-saving purposes.

https://www.business-standard.com/economy/news/nps-added-19-fewer-fresh-corporate-subscribers-in-first-half-of-fy24-123121700565_1.html

FPIs pump Rs 1.5 lakh cr into Indian equities in 2023

In a dazzling resurgence, foreign investors have graced the Indian equity markets with an influx of nearly ₹1.5 lakh crore in 2023, fuelled by optimism over the country's resilient economic fundamentals amid shadows of a gloomy global scenario. Experts believe that the positive trend may continue in 2024. This follows Indian equities witnessing the worst-ever net outflow of ₹1.21 lakh crore by FPIs in 2022 on aggressive rate hikes by the central banks globally after net inflows for three consecutive years.

<https://economictimes.indiatimes.com/markets/stocks/news/fpis-pump-rs-1-5-lakh-cr-into-indian-equities-in-2023/articleshow/106071825.cms>

Industry

Wedding season: Durable makers witness pickup in sales of products

Leading home appliance and consumer electronics makers witnessed pickup in sales in the wedding season, mostly on demand for entry-level mass products from non-metro cities of the hinterland. The industry, which concluded the festive sales with a growth of 15-20 per cent mainly driven by premium products, got a further boost during the wedding season. In November, after getting some initial responses, companies including LG, Godrej Appliances, and Panasonic extended their festive offers along with financing schemes on products ranging from washing machines, refrigerators, TVs, micro ovens to small kitchen appliances.

https://www.business-standard.com/industry/news/wedding-season-durable-makers-witness-pickup-in-sales-of-products-123121700280_1.html

No new interim norms to regulate big tech players: CCI chairperson

The Competition Commission of India (CCI) has no plans to bring in a new regulation for digital players until the government decides if a new law is required to regulate big tech, Ravneet Kaur, chairperson of the antitrust watchdog has said, scotching speculations about interim norms. In an interview to Banikinkar Pattanayak, Kaur also said the regulator would soon wrap up processes to notify new settlement, commitment, combinations and leniency-plus frameworks. Edited excerpts:

<https://economictimes.indiatimes.com/news/company/corporate-trends/no-new-interim-norms-to-regulate-big-tech-players-cci-chairperson/articleshow/106069458.cms>

Nano effect: Gujarat attracting big investments since its automobile sector took off in 2009

Gujarat's automobile sector took off in 2009 when Tata Motors set up its Nano manufacturing plant in Sanand, about 50 km from Ahmedabad, and the state has been attracting some big ticket investments from both domestic and international players since then. Now, with the global shift tending towards electric mobility, the Gujarat government seeks to position itself as a leading electric vehicles (EV) manufacturing hub. To this effect, it signed an MoU with the Tata Group worth Rs 13,000 crore in June this year. The 10th edition of the Vibrant Gujarat Global Summit will be held from Jan 10 to 12, 2024 in Gandhinagar. The biennial summit serves as a platform for businesses and governments to explore investment opportunities and establish partnerships.

<https://economictimes.indiatimes.com/industry/auto/auto-news/gujarat-attracting-big-investments-since-its-automobile-sector-took-off-in-2009/articleshow/106060043.cms>

Infrastructure

Government unveils strategic action plan for the development of key National Waterways – Details here

In a notable move towards enhancing inland water transportation, the Government of India has declared 111 National Waterways (NWs), including 106 new ones, to facilitate efficient inland navigation. These National

Waterways, spanning 24 states under the National Waterways Act, 2016, aim to bolster connectivity and transportation through water routes.

<https://www.financialexpress.com/business/infrastructure-government-unveils-strategic-action-plan-for-the-development-of-key-national-waterways-details-here-3340254/>

PM Modi to flag off second Vande Bharat train connecting Varanasi to New Delhi

The Indian Railways is set to commence operations of an advanced semi-high-speed train, Vande Bharat, enhancing connectivity between Uttar Pradesh and the national capital. In order to achieve this momentous milestone, Prime Minister Narendra Modi will inaugurate the second Vande Bharat Express train running between Varanasi and New Delhi.

<https://economictimes.indiatimes.com/industry/transportation/railways/pm-modi-to-flag-off-second-vande-bharat-train-connecting-varanasi-to-new-delhi/articleshow/106072618.cms>

Energy

Top three banks working with govt on funding rules for green H2 projects

The country's largest banks, State Bank of India, HDFC Bank, and ICICI Bank, along with the government, are drawing up a financing framework for green hydrogen projects, people with knowledge of the matter told ET. The framework will lay down guidelines for credit appraisal, risk assessment, and concessionary finance to make assessment of such projects easier for banks and aid credit flow to the sector, they said. "A committee is being set up that will have representation from all stakeholders, including industry, and based on the recommendations, a lending framework for the sector will be worked out that will help bring more funding to the sector," an official said. The committee will work under the aegis of the Ministry of New and Renewable Energy (MNRE), the person said.

<https://economictimes.indiatimes.com/industry/renewables/top-three-banks-working-with-govt-on-funding-rules-for-green-h2-projects/articleshow/106069419.cms>

Diesel sales recover after Diwali drop but still lower than last year

India's diesel consumption in the first half of December recovered from the steep fall seen last month on transporters taking a Diwali break, but sales were still lower than last year, preliminary data of state-owned firms showed. Diesel consumption at 3.15 million tonne during December 1 to 15 was 0.7 per cent higher than 3.13 million tonne demand in the first half of November. The demand was 8.1 per cent lower than 3.43 million tonne consumption in December 1-15, 2022.

<https://economictimes.indiatimes.com/industry/energy/oil-gas/diesel-sales-recover-after-diwali-drop-but-still-lower-than-last-year/articleshow/106059268.cms>

Telecom

Govt likely to table Telecommunications Bill 2023 in Lok Sabha on Monday

The government is likely to table the Telecommunications Bill 2023 in Lok Sabha on Monday, according to sources. The Telecommunications Bill 2023 aims to replace the 138 years old Indian Telegraph Act that governs the telecom sector. "The President has been informed about the Telecommunications Bill 2023. It is likely to be introduced in Lok Sabha on Monday, December 18," a source told PTI. The Cabinet had cleared the bill in August.

https://www.business-standard.com/india-news/govt-likely-to-table-telecommunications-bill-2023-in-lok-sabha-on-monday-123121700795_1.html

External

Electronics, services exports to contain slide in growth rate of trade

Robust exports performance in electronic goods, particularly smartphones, and services sectors will help India contain the fall in growth rate of overall trade, which is expected to decline by 2.6 per cent in the current year, a report said. Economic think tank Global Trade Research Initiative (GTRI) in its report said that despite global challenges, India's exports and imports of goods and services are likely to dip by 2.6 per cent to \$ 1,609 billion in 2023 as against \$ 1,651.9 billion in 2022.

https://www.business-standard.com/economy/news/electronics-services-exports-to-contain-slide-in-growth-rate-of-trade-123121700175_1.html

India, Oman discussing utilisation of UPI stack, possibility of rupee trade

Foreign Secretary Vinay Kwatra on Saturday said that discussions are underway between India and Oman about utilising the UPI stack, adding that talks on the possibility of Rupee trade which is an "important element of cooperation," is still at the "exploratory stage".Kwatra's remarks came while addressing a special briefing at the Ministry of External Affairs on the State Visit of the Sultan of Oman, Haitham bin Tarik, to India.

https://www.business-standard.com/economy/news/india-oman-discussing-utilisation-of-upi-stack-possibility-of-rupee-trade-123121600534_1.html

Govt to help exporters maintain documentation to deal with US duty cases

The commerce ministry has started an exercise to help Indian exporters keep proper documentation to deal with US countervailing duty cases on domestic products, an official said. As part of the exercise, teams of the directorate general of foreign trade (DGTR) and directorate general of trade remedies (DGTR) are working on a roadmap to work on the kind of documentation that needs to be maintained by Indian exporters.

https://www.business-standard.com/industry/news/govt-to-help-exporters-maintain-documentation-to-deal-with-us-duty-cases-123121700313_1.html