



December 21, 2023 – Thursday

Key Developments

CBDT amends safe harbour norms for intra-group loans

India's apex direct taxes body Wednesday unveiled new safe-harbour provisions for intra-group loans extended by companies to their subsidiaries, removing the condition of sourcing debt in Indian rupees for consideration during tax calculation. Safe harbour rules for intra-group transactions prescribe the minimum price or return for specific categories of transactions which, if opted by the taxpayer, is accepted by the tax authorities. The amended definition will not include credit line or any other loan facility which has no fixed term for repayment. The Central Board of Direct Taxes (CBDT) also raised the minimum rates of interest applicable for such transactions and introduced international benchmark rates as the reference rates instead of the domestic rates, since the transactions involve foreign currencies. This means transactions in different currencies will attract different rates.

<https://economictimes.indiatimes.com/news/economy/policy/cbdt-amends-safe-harbour-norms-for-intra-group-loans/articleshow/106163285.cms>

Economy

Seventh Economic Census yet to receive approval from majority of states: MoSPI

The seventh economic census is yet to receive approval from a majority of states for the ministry to finalise nationwide results, according to the ministry. Of the 35 states and UTs participating in the Census, 22 are yet to grant approval. "As regards to results of the 7th Economic Census, 12 States/UTs have not approved the provisional results, and it is pending in 10 States/UTs for decision on approval. Therefore, the nationwide 7th Economic Census results could not be finalised," Rao Inderjeet Singh, Minister of State (independent charge) of the Ministry of Statistics Planning and Programme Implementation, informed Lok Sabha on Wednesday.

<https://economictimes.indiatimes.com/news/economy/policy/seventh-economic-census-yet-to-receive-approval-from-majority-of-states-mospi/articleshow/106158495.cms>

Fresh formal job creation dips to 7-month low in October, shows EPFO data

The fresh formal job creation slowed to a seven-month low in October, signalling a downturn in the labour market. The number of new monthly subscribers under the Employees' Provident Fund (EPF) declined by 16.7 per cent to 772,084 in October from 926,934 in September, according to the latest payroll data released by the Employees' Provident Fund Organisation (EPFO) on Wednesday. Earlier in March this year, 757,792 subscribers had joined the EPF.

https://www.business-standard.com/industry/news/fresh-formal-job-creation-dips-to-7-month-low-in-october-shows-epfo-data-123122001097_1.html

Finance

Gross fiscal deficit of Centre, states stays under 7% of GDP: RBI article

The combined finances of the Centre and the States remained robust in April-September 2023 (H1Fy24). The improved revenue mobilisation by the Centre and States has helped to contain the gross fiscal deficit (GFD) of the

general government within seven percent of Gross Domestic Product (GDP) in Q1 and Q2 of 2023-24, according to an RBI study. Going forward, while tax collections are expected to remain buoyant in H2, a pick-up in expenditure by the Centre and States could result in a general government deficit of 8.2 per cent and 11.9 per cent of GDP in Q3 and Q4, respectively.

https://www.business-standard.com/economy/news/gross-fiscal-deficit-of-centre-states-stays-under-7-of-gdp-rbi-article-123122001226_1.html

UPI transactions surge 118% in semi-urban & rural stores, shows report

Unified Payments Interface (UPI) transactions grew 118 per cent in volume and 106 per cent in value at semi-urban and rural stores in the country, underlining strong adoption in geographies beyond tier two regions, a report by fintech company PayNearby showed. This development follows strong growth in UPI volumes and transaction values over the past year. In November this year, UPI transactions clocked a volume of 11.24 billion transactions and a value of Rs 17.4 trillion, according to data from the National Payments Corporation of India (NPCI).

https://www.business-standard.com/economy/news/upi-transactions-surge-118-in-semi-urban-rural-stores-shows-report-123122000930_1.html

Employer sponsored health insurance cost to rise 11% in 2024: Report

Employer health insurance costs are expected to grow 11 per cent in India in 2024 as compared to the projection of 9.6 per cent in 2023, according to the Mercer Marsh Health Trends Report 2024. Globally, it is likely to increase to 12.3 per cent in 2024 as against 11.6 per cent that was forecasted in 2023, the report added. The report is based on responses from 223 insurers across 58 countries, analysing the key trends that are shaping the future of health care provided by employers.

https://www.business-standard.com/finance/news/employer-sponsored-health-insurance-cost-to-rise-11-in-2024-report-123122001303_1.html

SEBI tweaks norms for online resolution of disputes in securities market

Sebi on Wednesday tweaked the framework with respect to online resolution of disputes in the securities market to provide clarity on certain aspects. In its circular, the regulator has provided clarity on the online arbitration process, and arbitrator's fee, among others. The Securities and Exchange Board of India (Sebi) said that the market participant against whom the investor pursues the online arbitration will participate in the arbitration process.

https://www.business-standard.com/finance/news/sebi-tweaks-norms-for-online-resolution-of-disputes-in-securities-market-123122001081_1.html

India's total debt rises to Rs 205 lakh crore in Sept quarter

The country's total debt, or the total outstanding bonds which are being traded in the market, rose to USD 2.47 trillion (Rs 205 lakh crore) in the September quarter, according to a report. The total debt amount in the March quarter of the previous fiscal was USD 2.34 trillion (Rs 200 lakh crore). The central government's debt stood at USD 1.34 trillion, or Rs 161.1 lakh crore, in the September quarter, up from USD 1.06 trillion, or Rs 150.4 lakh crore, in the March quarter, Vishal Goenka, Co-Founder of Indiabonds.com, said, quoting data provided by the Reserve bank of India.

<https://economictimes.indiatimes.com/news/economy/indicators/indias-total-debt-rises-to-rs-205-lakh-crore-in-sep-quarter-mumbai/articleshow/106159631.cms>

Industry

Extend FAME-II, set deadline for polluting vehicles: Parliament committee

The Parliamentary Standing Committee on Industry on Wednesday recommended a slew of measures to boost the adoption of electric vehicles in the country and recommended the extension of the Faster Adoption and Manufacturing of Electric Vehicles (FAME-II) India Scheme by three years. In its report on the Promotion of Electric Vehicles, the committee emphasised including private four-wheelers and quadricycles in the scheme, alongside mandating EVs in public transport, logistics, and delivery sectors.

https://www.business-standard.com/economy/news/extend-fame-ii-set-deadline-for-polluting-vehicles-parliament-committee-123122001270_1.html

Only 25% of MSMEs have expertise to implement sustainability measures: SIDBI-D&B SpEx survey

The latest quarterly survey on Wednesday by analytics firm Dun & Bradstreet India and SIDBI, which examines the assessment of factors contributing to the perception of sustainability in MSMEs, noted that only 25 per cent of MSMEs claim to have internal expertise or proficiency to implement sustainability measures in business. Across three consecutive surveys, MSMEs have maintained that technical expertise and capital availability are their primary challenges in implementing sustainability initiatives.

<https://www.financialexpress.com/business/sme/only-25-of-msmes-have-expertise-to-implement-sustainability-measures-sidbi-db-spex-survey/3343247/>

Indian apparel industry aims to show wares in Australia, UK, US after Dubai

Indian apparel manufacturers are looking to hold exhibitions in world markets like Australia, the US and the UK which have strong diaspora to expand into new geographies, an industry official said. Speaking with PTI after holding the inaugural edition of the annual exhibition in the city, Clothing Manufacturers Association of India (CMAI) chief mentor Rahul Mehta said domestic brands are becoming stronger and more capable with their successes within India and it is necessary to take these brands to newer geographies.

https://www.business-standard.com/industry/news/indian-apparel-industry-aims-to-show-wares-in-australia-uk-us-after-dubai-123122000994_1.html

FMCG companies use tech to fill up stocks at Q-Comm partners

With quick commerce (Q-comm) emerging as their fastest growing channel, big FMCG companies such as Nestle, ITC, Parle Products, LT Foods and Coca-Cola are racing to embrace real-time data exchange and demand forecasting to avert potential stock-outs at online platforms like Zomato-owned Blinkit, Swiggy Instamart, BigBasket's BBNow and Zepto. "Unless you don't do stock replenishment at quick commerce in real time, you are missing out on opportunities. We are working on forecasting demand based on sales trends, even if quick commerce platforms are doing their own forecasting to ensure we can turn around stocks within hours at the dark stores," said Mayank Shah, senior category head at biscuit and confectionery maker Parle Products.

<https://economictimes.indiatimes.com/industry/cons-products/fmcf/fmcf-companies-use-tech-to-fill-up-stocks-at-q-comm-partners/articleshow/106163447.cms>

Youth, small-town consumers drive sales of used luxury items

Sales of used luxury items in India are soaring, reflecting the growing aspirations of young shoppers and consumers in tier-II and tier-III markets, and fuelling a previously untapped market. Despite signs of a slowdown in the global market for luxury goods, India's Luxepolis, which claims to have an online user base of 3.5 million, recorded more than 80% growth in sales this year.

<https://economictimes.indiatimes.com/industry/cons-products/fashion/-/cosmetics/-/jewellery/youth-small-town-consumers-drive-sales-of-used-luxury-items/articleshow/106163419.cms>

Agriculture

Govt closely monitoring rice situation in domestic, intl mkts on weekly basis

The government is closely monitoring the rice situation in the domestic as well as international markets on weekly basis and it can increase the percentage share in global rice trade when favourable conditions arise, Parliament was informed on Wednesday. India has banned export of broken and non-basmati white rice in view of uncertainty around rice production here and other rice producing countries due to geopolitical scenario, El Nino sentiments and extreme climatic conditions to check domestic prices and ensure adequate availability in the market here. "The government is closely monitoring the rice scenario in the domestic market as well as in international forum on weekly basis and the government can increase the percentage share in global rice trade when favourable conditions arise," Minister of State for Commerce and Industry Anupriya Patel said in a written reply to Lok Sabha.

<https://economictimes.indiatimes.com/news/economy/agriculture/govt-closely-monitoring-rice-situation-in-domestic-intl-mkts-on-weekly-basis/articleshow/106151861.cms>

Low export demand and sluggish rural consumption to dampen tea realisations for North India estates, says ICRA

ICRA expects the margin for tea estates based out of North India (NI) to be significantly impacted in FY2024 due to the double whammy of increase in cost of production, following the wage rate hikes in West Bengal and Assam and the drop in realisation due to the low export demand and a sluggish rural consumption. According to ICRA's recent note on the sector, the operating profit margin (OPM) of NI-based bulk tea players is expected to be significantly impacted in FY2024 and, given the current operating environment in the tea industry, both domestic and international, any material improvement in profitability during FY2025 appears unlikely at present. The rating agency has thus revised the sector outlook to Negative from Stable.

<https://economictimes.indiatimes.com/news/economy/agriculture/low-export-demand-and-sluggish-rural-consumption-to-dampen-tea-realisation-for-north-india-estates-says-icra/articleshow/106144800.cms>

Infrastructure

Budgetary allocation to road ministry jumps to Rs 2.7 trillion in 2023-24

The average annual budgetary allocation of the Ministry of Road Transport & Highways (MoRTH) has increased by 940 per cent from Rs 25,872 crore per year during 2009-14 to Rs 2.7 trillion during 2023-24, the ministry said in a press release. The press release stated that the length of national highways (NHs) with four lanes and above, including high-speed corridors, has increased over 250 per cent from 18,371 km in March, 2014 to 46,179 km in December 2023. "The length of national highways with less than two lanes has decreased from 27,517 km in March, 2014 to 14,870 km, which is now only about 10 per cent of the NH network," it said.

https://www.business-standard.com/economy/news/budgetary-allocation-to-road-ministry-jumps-to-rs-2-7-trillion-in-2023-24-123122000714_1.html

Govt asks airport operators to explore biometric models for smooth travel

The civil aviation ministry, which is taking measures to prevent congestion at airport in the upcoming festive season, has asked airport operators to look at the successful biometric models being used in other countries for smooth travel of air passengers. During a meeting with an advisory group, civil aviation minister Jyotiraditya Scindia asked airport operators to promote Digi Yatra, which provides for contactless, seamless movement of passengers at various check points at airports based on Facial Recognition Technology (FRT).

https://www.business-standard.com/industry/news/govt-asks-airport-operators-to-explore-biometric-models-for-smooth-travel-123122001042_1.html

Energy

100 critical mineral blocks to be auctioned before Feb 2024: Mines minister

The Ministry of Mines will call bids for over 100 critical minerals blocks from February. Apart from onshore minerals, offshore minerals will also be put up for auction, Union Minister of Mines Pralhad Joshi said during the launch event of the National Geoscience Data Repository (NGDR) portal. "More than 100 blocks of strategic and critical minerals will be brought for auction next year before February, and these blocks are ready with us," Joshi said.

https://www.business-standard.com/economy/news/100-critical-minerals-including-offshore-minerals-up-for-bid-from-feb-123121901305_1.html

Healthcare

Govt mulls regulator for healthcare sector to facilitate insurance for all

The government is exploring setting up a health sector regulator that will also facilitate affordable health insurance coverage for all citizens. Two senior government officials confirmed that preliminary discussions have been held between the ministries of finance and health over the need for a sector watchdog. The government is of the view that to achieve the vision of Insurance for All, more concentrated steps need to be taken to drive health insurance penetration and keep it affordable. According to a recent report by the National Insurance Agency, over 400 million individuals, or about a third of the population, lack health insurance due to lower penetration, coverage inadequacy and rising healthcare costs.

<https://economictimes.indiatimes.com/industry/banking/finance/insure/govt-mulls-regulator-for-healthcare-sector-to-facilitate-insurance-for-all/articleshow/106166978.cms>

Centre bans anti-cold fixed drug combination for under-four children

India's drug regulator has banned the use of a popular anti-cold cocktail medicine for children aged under four. In a letter dated December 18, the drug regulator said that FDC (fixed-dose combination) chlorpheniramine maleate and phenylephrine should not be given to children aged under four. It also said that the firms manufacturing it should carry a warning in this regard on the medicine label and package insert. The decision was taken after a review by a sub-committee of experts.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals/centre-bans-anti-cold-fixed-drug-combination-for-under-four-children/articleshow/106163425.cms>

External

ICT levy dispute at WTO: EU softens stance on retaliating against India

In a significant shift from its earlier position, the European Union (EU) has expressed its preference for reaching a mutually satisfactory resolution with India over a dispute on tech products, even though it has the option of imposing retaliatory tariffs under its domestic regulation, following New Delhi's appeal against a World Trade Organisation (WTO) ruling that favoured the trade bloc. "Given the WTO Appellate Body is currently not functioning, this is an appeal 'into the void'. The report (by the WTO's dispute settlement panel) is therefore not up for adoption anymore but in limbo, pending before the non-functioning Appellate Body.

https://www.business-standard.com/india-news/prefer-mutually-agreed-solution-with-india-on-tech-items-dispute-in-wto-eu-123122000963_1.html

India's steel imports to remain elevated at ~5.5% of demand this fiscal, says CRISIL MI&A report

India's steel imports is expected to remain elevated around the 6 million tonne (MT) mark this fiscal even as the global steel industry battles a slowdown, said a report by CRISIL MI&A. Strong domestic demand, supported by government spending on infrastructure, building and construction segments, it added, will support this growth. Global steel demand, which has been subdued since the onset of the Russia-Ukraine conflict, is expected to grow 1.6 per cent in 2023, after a sharp decline of 3.3 per cent in 2022. However, the scenario remains suboptimal across key economies.

<https://www.financialexpress.com/business/industry-indias-steel-imports-to-remain-elevated-at-5-5-of-demand-this-fiscal-says-crisil-mia-report-3343324/>

Australia continues to be India's top source of steel making coking coal

Australia remains the leading coking coal supplier to India according to data shared by Minister of State for Steel, Fagga Singh Kulaste in the Lok Sabha. Import of coking coal from Australia stood at 13.21 billion tonnes from April-August 2023. Total coking coal import during these months was 25.60 billion tonnes. At 2.6 billion tonnes, Russia is the second largest supplier of the commodity to India, followed by Singapore at 2.20 billion tonnes and Canada at 1.42 billion tonnes. During the previous fiscal, Australia had exported 30.10 billion tonnes out of the 56.05 billion tonnes coking coal imported by India. Kulaste said that central public sector undertakings have been procuring coking coal from a diversified group of countries including United States, Indonesia, and Mozambique. The import of coking coal from Russia has increased after signing a Memorandum of Understanding (MoU) in October 2021.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/australia-continues-to-be-indias-top-source-of-steel-making-coking-coal/articleshow/106158430.cms>

World Bank sets up task force to study experts group report on MDB reforms

The World Bank has set up a task force to study the recommendations made by the Independent Experts Group, formed under India's G20 Presidency, for strengthening multilateral development banks (MDBs), the Group's President Ajay Banga said on Wednesday. His remark on this issue came at an interaction he had with Union Finance and Corporate Affairs Minister Nirmala Sitharaman in the capital. Sitharaman suggested that the World Bank, which other MDBs looked up to, must take the lead in carrying forward the reform roadmap for MDBs so as to make these global institutions bigger, better and bolder.

<https://www.thehindubusinessline.com/economy/world-bank-sets-up-task-force-to-study-experts-group-report-on-mdb-reforms/article67659248.ece>

India, New Zealand to look for greater areas of economic cooperation this new year bl-premium-article-image

India and New Zealand will focus on ways to increase bilateral trade and look for greater areas to cooperate in the new year, Todd McClay, Minister for Trade, New Zealand said. McClay, who is on an official visit to India, met his Indian counterpart Piyush Goyal on Tuesday, and discussed ways to reduce trade barriers, streamline trade processes and promote a more conducive environment for businesses and investors from both nations, according to an official statement from the Commerce & Industry Ministry. Following the meeting, McClay stated that both Ministers had agreed that the relationship between the two countries was extremely important and one that the governments would invest more in. "We've asked officials to report back to us in the new year on ways to boost two way trade and to look for greater areas to cooperate," he said in a social media post.

<https://www.thehindubusinessline.com/economy/india-new-zealand-to-look-for-greater-areas-of-economic-cooperation-this-new-year/article67658705.ece>