



December 26, 2023 – Tuesday

Key Developments

Telecommunications Bill gets President's assent

The landmark Telecommunications Bill, which was passed by Parliament recently, has received the President's assent. 'The Telecommunications Act, 2023' is set to overhaul the country's century-old telecom law to make the sector investor-friendly; it prioritises user protection but also extends powers to the government to intercept communications. While it excludes from its ambit broadcasting, and over-the-top services such as WhatsApp and Telegram, it cements rules for spectrum allocation and provides for a non-auction route for assigning airwaves for satellite-based communication services.

<https://economictimes.indiatimes.com/industry/telecom/telecom-policy/telecommunications-bill-gets-presidents-assent/articleshow/106273227.cms>

Economy

India's resilient economy seen expanding 6.7% in FY24

The Indian economy is likely to grow 6.7% in FY24, according to a median forecast of 11 economists, staying resilient despite external headwinds as domestic demand and improving investments provide support. Prospects have improved from a month ago, when an ET poll pegged the current fiscal year's expansion at 6.3%. However, the median is still short of the recent Reserve Bank of India (RBI) estimate. Earlier this month, the central bank raised its forecast for the year to 7%, from 6.5% estimated earlier, following a better-than-expected 7.6% rise in gross domestic product (GDP) in the September quarter.

<https://economictimes.indiatimes.com/news/economy/indicators/indias-resilient-economy-seen-expanding-6-7-in-fy24/articleshow/106276843.cms>

Banking and Finance

RBI may not have to drain cash further as core liquidity declines

The Reserve Bank of India need not have to tighten liquidity any further as a metric cited by the central bank has fallen below levels that could stoke inflation, potentially paving the way for Mint Road to effectively deliver a rate cut by letting market rates ease from their current elevated levels. As of December 15, core liquidity, which accounts for government cash balances that periodically flow in and out of the banking system, is at around 1.1% of net demand and time liabilities (NDTL) - a broad measure of bank deposits.

<https://economictimes.indiatimes.com/news/economy/policy/rbi-may-not-have-to-drain-cash-further-as-core-liquidity-declines/articleshow/106274177.cms>

Taxpayers may be allowed to file revised GST returns from Apr 2025

The government is considering allowing filing of updated or revised returns under the goods and services tax (GST), a move expected to benefit taxpayers and also bring down litigation under the indirect tax regime. As per the

proposal, taxpayers will be able to rectify their returns including computation of tax, ET has learnt. "We are looking at allowing updated returns under GST," a senior official told ET.

<https://economictimes.indiatimes.com/news/economy/policy/taxpayers-may-be-allowed-to-file-revised-gst-returns-from-apr-2025/articleshow/106273996.cms>

Industry

Steel Ministry panel rejects proposal for TMT bars made from ship-breaking plates

A committee set up by India's Steel Ministry has reportedly rejected using ship-breaking steel plates for TMT-bar-making (also called rebars). Non-standardised offerings and the absence of wider data are seen as major reasons for rejecting the proposal. The recommendations by the committee, reviewed by businessline, stated it could not "conclude and devise an SoP (Standard Operating Procedure) for usage of ship plates without testing of chemical composition...." It recommended that ship-breakers can "sell the plates along with grade certificate and chemistry".

<https://www.thehindubusinessline.com/economy/set-back-for-industry-steel-ministry-panel-rejects-proposal-to-use-ship-breaking-steel-plates-for-tmt-bars/article67673497.ece>

Government considers extending FAME II scheme to FY25

The government is considering the extension of the second leg of its flagship incentive scheme for manufacturing electric vehicles (EVs) into the next financial year and is likely to seek additional resources in the interim budget to expand its corpus. With the third edition of the Faster Adoption and Manufacturing Electric Vehicles (FAME) scheme yet to get a nod from the finance ministry, possibilities are being explored to extend the current edition till a new supporting framework is put in place, sources aware of the details told ET. "Additional funds for FAME II can be sought in a vote on account," said a person aware of the matter. The extension would not require multiple approvals as needed for a fresh scheme and will help maintain momentum in the market in the interim, he added. Next year's budget will be a vote on account as general elections are due in April-May.

<https://economictimes.indiatimes.com/industry/renewables/government-considers-extending-fame-ii-scheme-to-fy25/articleshow/106277266.cms>

Puma, Decathlon, Adidas make a splash! Sports brands see sales gallop in last 2 years

From running shoes and joggers to dumbbells and yoga mats, sales of nearly half a dozen leading sports brands have sprinted in the past two years, during the pandemic and since. They have doubled business in India, driven by increasing awareness about fitness and surging demand for athleisure wear. Brands such as Puma, Decathlon, Adidas, Skechers and Asics have all grown 35-60% year-on-year since FY21, posting combined revenues of ₹11,617 crore in FY23, according to regulatory filings sourced from the Registrar of Companies. Two years ago, these brands had sales of ₹5,022 crore put together. Demand for fitness wear and sports equipment for disciplines other than cricket grew as people prioritised health with the onset of Covid-19.

<https://economictimes.indiatimes.com/industry/cons-products/fashion/-/cosmetics/-/jewellery/puma-decathlon-adidas-make-a-splash-sports-brands-see-sales-gallop-in-last-2-years/articleshow/106277489.cms>

Top guns not blazing in electronics sector, gain in low-cost device segment

The top five brands in electronic devices like smartphones, tablets, and smart TVs have been collectively losing their market or have not been able to regain their dominance this calendar year over that in 2022. But in "average sale price (ASP)" devices like smartwatches, true wireless stereo (TWS) earphones, and neckbands it is time for consolidation with big brands increasing their share in the growing market, according to the data from Counterpoint Research.

https://www.business-standard.com/technology/tech-news/top-guns-not-blazing-in-electronics-sector-gain-in-low-cost-device-segment-123122500740_1.html

Sales of Indian wearables & hearables brands have jumped over three times in last three fiscals

Sales of Indian wearables and hearables brands like Boat, Noise, pTron, Boult and Mivi together have jumped over three times in the last three fiscals indicating the dominance of the domestic brands in these fast growing segments, as per their latest regulatory filings to Registrar of Companies (RoC). However, profit has not kept pace with sales, with these startups reporting a fall in profit in the same period with some like Boat and pTron even going into red,

as per RoC data sourced by Tofler and AltInfo. "The profitability got impacted due to significant investments we are making in seeding the smart watch category and scaling up local manufacturing," said Sameer Mehta, co-founder and CEO at Imagine Marketing, which owns the Boat brand. "At present, around 75% of the products are manufactured in India as compared to 2-3% last year," he said.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/sales-of-indian-wearables-hearables-brands-have-jumped-over-three-times-in-last-three-fiscals/articleshow/106269733.cms>

Agriculture

Wheat sown in 30.86 mn hectares so far; climate resilient seeds planted in over 60 per cent area

After facing loss due to terminal heatwave last year, more farmers are cultivating climate resilient wheat varieties which has been sown in more than 60 per cent of the planted area of 30.86 million hectares so far, according to agriculture commissioner P K Singh. Wheat is the main rabi (winter) crop, sowing of which normally begins in November and harvesting is done from March-April. As per the agriculture ministry data, wheat sown area stood at 30.86 million hectares till December 22 of the ongoing rabi season, slightly lower than 31.44 million hectares in the year-ago period. "This is because there was a delay in wheat sowing in some parts where paddy harvesting got late. Otherwise, wheat sowing is progressing well," Singh told PTI.

<https://economictimes.indiatimes.com/news/economy/agriculture/wheat-sown-in-30-86-mn-hectares-so-far-climate-resilient-seeds-planted-in-over-60-per-cent-area/articleshow/106270977.cms>

Infrastructure

Bharatmala Phase 1 deadline extended by six years to FY28

The government has extended the deadline for completion of the flagship highway development project Bharatmala Phase-I to 2027-28, a full six years from the original schedule. The move follows an over 100% increase in the estimate cost of the mega project to nearly Rs 11 trillion, and reflects the slowing of implementation, and financial constraints. The first-phase of Bharatmala was announced in 2017 and was to be completed by 2022.

<https://www.financialexpress.com/business/roadways-bharatmala-phase-1-deadline-extended-by-six-years-to-fy28-3347165/>

Residential realty's robust run, housing demand up 6-9% in top 8 cities

The housing demand in the top eight cities will grow at 6-9 per cent in the next two financial years, despite economic challenges. Buoyant consumer sentiment, stable interest rates and timely completion by branded developers are bolstering the positive outlook for the residential real estate segment. Most housing indicators point to a continuation of favourable trends, including consistent high demand, which has been the highlight of this financial year. As the industry consolidates, residential developments are being executed by a handful of large developers who have successfully navigated the economic challenges posed by the pandemic. In this milieu, Crisil anticipates a robust 11-13 per cent on-year growth in primary residential sales this financial year amid sustained demand for homeownership in the top eight cities.

https://www.business-standard.com/industry/news/residential-realty-s-robust-run-housing-demand-up-6-9-in-top-8-cities-123122500845_1.html

Telecom

Spectrum auction in 2024 may see subdued response from telcos

The upcoming spectrum auction, which the government is expected to conduct over the next three months, may see a subdued response from telcos as demand is likely to be restricted to airwaves which will be up for renewal in some circles, sources said. Against the Rs 1.5 trillion-worth 5G spectrum sold in the last spectrum auctions, this time the spectrum auction is estimated to fetch around Rs 8,000-9,000 crore to the government, officials said. The main reason for telcos not going for aggressive bidding this time is that they already have ample spectrum. With no scope of 5G monetisation, they don't see the need to spend further. The combined capital expenditure of Jio and Bharti Airtel in FY24 is expected to be around Rs 75,000 crore.

<https://www.financialexpress.com/business/industry-spectrum-auction-in-2024-may-see-subdued-response-from-telcos-3347225/>

States

UP to build India's first AI city in Lucknow

When States are looking at using artificial intelligence (AI), India's largest State, Uttar Pradesh, has gone a step ahead with plans to build India's first AI city in Lucknow to house and promote the AI ecosystem. A report by Grand View Research pegged the global AI market size at \$137 billion in 2022 and is projected to expand at a compound annual growth rate of 37.3 per cent from 2023 to 2030. Lucknow houses Centres of Excellence in areas like AI and MedTech (with extensive AI integration). The AI COE (centre in IIT Lucknow) alone supports more than 15 AI/ML start-ups, nurturing a culture of creativity and entrepreneurship.

<https://www.thehindubusinessline.com/info-tech/up-to-build-indias-first-ai-city-in-lucknow/article67673746.ece>

Healthcare

Private hospitals in no hurry to procure covid vaccines

Private hospitals are not yet keen on procuring Covid-19 vaccines and awaiting clarity from the government on vaccination even as a surge in Covid-19 cases has sparked concerns. Senior executives of top private hospitals said they have no stocks of Covid vaccines and are not planning to procure them as of now as the rise in cases is caused by a mild variant of the virus. "This is a milder version of Covid-19. Right now, we are not seeing any hospitalisation or severity of the disease, so would want to wait and watch and not do any procurement right away," said a senior executive at a leading private hospital. Many executives disclosed that their hospitals have not procured vaccines since 2021 as there is hardly any demand and they have exhausted their supplies.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/healthcare/private-hospitals-in-no-hurry-to-procure-covid-vaccines/articleshow/106274282.cms>

Trade generics growth to dent value expansion of domestic drug market

Rising penetration of trade generic medicines is eating into the value growth of the domestic pharmaceutical market, showed a recent analysis. According to a Kotak Institutional Equities analysis, 70-110 basis points (bps) annual dent is expected from trade generics and Jan Aushadhi on Indian Pharma Market (IPM) growth at least until FY27-28.

https://www.business-standard.com/industry/news/trade-generics-growth-to-dent-value-expansion-of-domestic-drug-market-123122500460_1.html

External

GTRI says 51.5% agri exports from just 5 products makes sector vulnerable to global prices, demand

India's agri export basket is dependent on just five commodities including rice and sugar and this makes the sector vulnerable to fluctuations in global prices and demand, a report by economic think tank GTRI said on Monday. The Global Trade Research Initiative (GTRI) said these five products -- basmati rice, non-basmati rice, sugar, spices, and oil meals -- account for 51.5 per cent of India's total agriculture exports.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/gtri-says-51-5-agri-exports-from-just-5-products-makes-sector-vulnerable-to-global-prices-demand/articleshow/106268473.cms>

First rupee payment for oil to UAE: India looks for more deals, no targets: Officials

India's first-ever payment in rupees for crude oil purchased from the UAE is helping the world's third largest energy consumer push for taking the local currency global, as it looks for similar deals with other suppliers, officials said, adding internationalisation is a process and there are no targets. With the nation more than 85 per cent dependent on imports for meeting its oil needs, India has been pursuing a three-pronged strategy of buying from the cheapest available source, diversifying sources of supply and not breaching any international obligation like the price cap in case of Russian oil.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/first-rupee-payment-for-oil-to-uae-india-looks-for-more-deals-no-targets-officials/articleshow/106267219.cms>

Oilmeal exports may top 4.5 mt this fiscal, says SEA

India's oilmeal exports will likely top 4.5 million tonnes (mt) with rapeseed meal accounting for 2.5 mt and soyabean meal 1.5 mt during the current fiscal. Exports are set to surpass 4.34 mt last fiscal despite a ban on shipments of deoiled rice bran, the Solvent Extractors Association of India (SEA) has said. "Cumulative exports of all oilmeals till November (in the current fiscal) have increased by around 21 per cent over the preceding period and crossed 28 lakh tonnes," said SEA President Ajay Jhunjhunwala.

<https://www.thehindubusinessline.com/economy/agri-business/oilmeal-exports-may-top-45-mt-this-fiscal-says-sea/article67673852.ece>

India-ASEAN set to review trade pact for modernisation in February

India and the ten-member ASEAN will begin negotiations in February to "modernise" their decade-and-a-half-old free trade agreement (FTA) and bring in more balance in the pact currently weighed against New Delhi. But new areas such as labour, environment, SMEs and gender are likely to be kept out, sources have said. "There will be a complete re-look at the entire FTA with the broad objective of bringing down the trade deficit for India. We want to modernise the FTA as a lot has evolved since it was signed almost 15 years back. New elements such as product specific rules and trade remedies will be brought in to make the FTA more efficient," the source told BusinessLine.

<https://www.thehindubusinessline.com/economy/india-asean-set-to-review-trade-pact-for-modernisation-in-february/article67673605.ece>