



December 27, 2023 – Wednesday

Economy

India's current account deficit narrows to 1 per cent of GDP at \$ 8.3 bn in Q2 FY24

India's current account deficit narrowed in the July-September quarter largely due to a lower merchandise trade deficit while services exports also grew, the Reserve Bank of India said on Tuesday. The current account deficit stood at \$8.3 billion, or 1% of GDP, in the second quarter of fiscal 2023-24 as compared to \$9.2 billion or 1.1% of GDP in the preceding quarter. The CAD stood at \$30.9 billion or 3.8% in the same quarter a year ago. "Underlying the lower current account deficit on a year-on-year (y-o-y) basis in Q2:2023-24 was the narrowing of merchandise trade deficit to USD 61.0 billion from USD 78.3 billion in Q2:2022-23," said the data on Developments in India's Balance of Payments during the second quarter (July-September) of 2023-24.

<https://economictimes.indiatimes.com/news/economy/indicators/indias-current-account-deficit-narrows-to-1-per-cent-of-gdp-at-8-3-bn-in-q2-fy24/articleshow/106296173.cms>

Fiscal deficit at 6% to exceed government target in FY24: Ind-Ra

India's fiscal deficit is likely to breach the government's target of 5.9% in FY24 owing to higher revenue expenditure and lower than budgeted nominal GDP, ratings agency India Ratings and Research said Tuesday. It noted that although higher tax and non-tax revenue collections may offset the shortfall in divestment earnings, a likely second supplementary demand for grants will upset fiscal calculations, pushing the deficit to 6% of GDP. "Higher-than-budgeted revenue expenditure triggered through the first and likely second supplementary demand for grants in combination with lower-than-budgeted nominal GDP will push the fiscal deficit to 6.0% of GDP, 10bp higher than budgeted 5.9%," said Ind-Ra researchers.

<https://economictimes.indiatimes.com/news/economy/indicators/fiscal-deficit-at-6-to-exceed-government-target-in-fy24-ind-ra/articleshow/106288832.cms>

Finance

Sebi may let AIFs pledge shares in investee firms

The Securities and Exchange Board of India (Sebi) is considering a plan to allow alternative investment funds (AIFs) to pledge their shares in investee companies, a move that would allow these investment vehicles to engage in leverage, said people with knowledge of the matter. "In some cases such as infrastructure, leverage is genuine. Sebi wants to allow pledging for legitimate purposes," said one of the persons.

<https://economictimes.indiatimes.com/markets/stocks/news/sebi-may-let-aifs-pledge-shares-in-investee-firms/articleshow/106305114.cms>

RBI plans to introduce a new category of money changers

The RBI is planning to introduce a new category of money changers who can conduct money changing business through an agency model. Under the model, the money changers can become Forex Correspondents (FxCs) of Category-I and Category-II Authorised Dealers (ADs). This move is aimed at improving the ease with which foreign exchange transactions can be undertaken by users. Such entities will not be required to seek authorisation from the

Reserve Bank, RBI said in its "Draft Licensing Framework for Authorised Persons (APs) under the FEMA (Foreign Exchange Management Act). Money changers provide access to foreign exchange facilities to residents and tourists. ADs are entities authorised by the RBI to deal in foreign exchange.

<https://www.thehindubusinessline.com/money-and-banking/rbi-plans-to-introduce-a-new-category-of-money-changers/article67677371.ece>

Industry

Govt to finalise national retail trade policy soon

The Centre's National Trade Retail Policy, which has been in the works for some time, is learnt to be in advanced stages of finalisation. It is expected to serve as a model policy providing a framework of guidelines for States. Sources said it will focus on ease of doing business, simplifying licensing process, reducing compliance burden as well as enabling women workforce to work for longer hours among others. A national portal is also being envisaged that will allow all licensing related processes to be accessible from one platform to make it less cumbersome and allow retailers to be able to track the licensing process.

<https://www.thehindubusinessline.com/economy/govt-to-finalise-national-retail-trade-policy-soon/article67677074.ece>

With slew of new launches, Auto Inc set for a happy new year

More than two dozen new car models will be unveiled or go on sale in 2024 as automakers ride on the momentum of the past two years and launch new battery-run vehicles as part of the transition to electric. This will be the highest number of new model introductions in the non-luxury segment in the last few years. Besides electric vehicles (EVs), they will include facelifts of existing models. New launches typically add 8-10% of total volume growth for automakers, potentially translating into 250,000-300,000 units of incremental volume, taking the domestic aggregate to a record 4.3-4.4 million units next year. That would make it the third straight year of record annual sales volume for passenger vehicles.

<https://economictimes.indiatimes.com/industry/auto/auto-news/with-slew-of-new-launches-auto-inc-set-for-a-happy-new-year/articleshow/106305052.cms>

EV industry set to end its best sales year in spite of subsidy cuts

Electric vehicle (EV) sales this year have witnessed a robust increase of over 45 per cent so far, notwithstanding the subsidy cuts and regulatory shifts. Total EV registration figure in 2023 is just shy of 1.5 million units, significantly higher than last year's score of a little over 1 million. All this has pushed the overall EV penetration in the country beyond 5 per cent – to 6.3 per cent against 4.8 per cent in 2022.

https://www.business-standard.com/industry/auto/ev-industry-set-to-end-on-its-best-sales-year-despite-subsidy-cuts-123122600854_1.html

PLI schemes attract over Rs 95,000 crore investment till September this year

The production-linked incentive (PLI) schemes for 14 sectors have attracted over Rs 95,000 crore in investment till September this year, an official statement said on Tuesday. According to the Commerce and Industry Ministry, as many as 746 applications have been approved till November 2023 under these schemes. "746 applications have been approved till November 2023. PLI units are established in more than 150 districts (24 states). Over Rs 95,000 crore of investment reported till September, which has led to production/sales of Rs 7.80 lakh crore and employment generation (direct & indirect) of over 6.4 lakh," the ministry said.

<https://economictimes.indiatimes.com/news/economy/policy/pli-schemes-attract-over-rs-95000-crore-investment-till-september-this-year/articleshow/106297472.cms>

Inflation still persists in FMCG segments, companies expect volume recovery by next fiscal led by price cuts

Prices of edible oil, a segment that saw the highest inflation in the consumer basket post Covid, have fallen 13-30% over the past year but prices of daily groceries and household products, including rice, soaps and detergents, are still marginally up over 2022, according to the latest price tracker report by Bizom, which analyses data based on orders at nearly 7.5 million kirana stores. Most consumer goods companies raised prices by more than a quarter in

the past two years to offset rising costs under heads such as raw materials, supply chain and energy. The cost inflation began with the pandemic but was exacerbated by Russia's invasion of Ukraine. This has now tapered off.

<https://economictimes.indiatimes.com/industry/cons-products/fmcm/inflation-still-persists-in-fmcm-segments-companies-expect-volume-recovery-by-next-fiscal-led-by-price-cuts/articleshow/106299558.cms>

Government issues fresh advisory to all intermediaries amid growing cases of deepfakes

The government on Tuesday issued a fresh advisory to all intermediaries including Meta (Facebook, Instagram) and Google (Youtube), to ensure compliance with the existing IT Rules amid growing concerns around misinformation powered by artificial intelligence (AI) – deepfakes.

<https://www.thehindubusinessline.com/info-tech/government-issues-fresh-advisory-to-all-intermediaries-amid-growing-cases-of-deepfakes/article67677088.ece>

Majority businesses have responsible AI practices: report

At least 60 per cent of the businesses reported having either matured Responsible AI (RAI) practices and policies or having initiated formal steps towards RAI adoption, according to a Nasscom report. The escalating need for RAI among AI users and stakeholders is compelling industry leaders to invest in advanced RAI tools and strategies while emphasising transparency in their AI practices. As businesses scale up AI maturity, they also tend to report higher RAI maturity. The survey noted that 30 per cent reported having a basic awareness of RAI imperatives without a formal strategy or framework. Developers are almost two times more likely than users to report higher levels of RAI maturity.

<https://www.thehindubusinessline.com/info-tech/majority-business-have-mature-responsible-ai-practices-report/article67676429.ece>

Agriculture

Ministry seeks extra Rs 5,000-crore for Fasal Bima this fiscal

With an increase in coverage of crop insurance amongst the farmers, expenditure under the Prashan Mantri Fasal Bima Yojana (PMFBY) is projected to increase by 28% in current fiscal to Rs 17, 500 crore compared to budget estimate (BE), official sources said. Against a BE for FY24 at Rs 13,625 crore, the finance ministry has released Rs 12,500 crore under PMFBY to the agriculture ministry so far.

<https://www.financialexpress.com/policy/economy-ministry-seeks-extra-rs-5000-crore-for-fasal-bima-this-fiscal-3348161/>

Indian poultry industry revenues to grow by 8-10% in FY2024, says ICRA

ICRA has maintained its revenue growth expectations at ~8-10% for the domestic poultry industry in FY2024. This will be driven by significant volume expansion and improving share of organised players, said ICRA in a note. "While realisations were strong in H1 FY2023, they started tapering thereafter due to excess supply. Subsequently, the pick-up in demand in the current fiscal resulted in improvement in average realisations to ~Rs. 107/kg in H1 FY2024 compared to ~Rs.101/kg in FY2023 (Rs.96.5/kg in H2 FY2023). The festive season and cold weather should support demand and realisations in the balance part of FY2024," said ICRA.

<https://economictimes.indiatimes.com/news/economy/agriculture/indian-poultry-industry-revenues-to-grow-by-8-10-in-fy2024-says-icra/articleshow/106293617.cms>

Infrastructure

Survey reveals dissatisfaction among air passengers in India over compromised comfort and service cutbacks

Nine of 10 respondents in a survey of about 13,000 air passengers said India's airlines have been "compromising on comfort and cutting corners in the last 24 months." The survey was conducted by community social media platform LocalCircles. "Since October, LocalCircles has seen a surge in complaints from fliers about excessive fares, cancellation of flights, delayed flights, boarding denied, luggage being damaged or misplaced, steep hike in onboard food prices, changing the boarding gate silently, rude behavior of staff at check-in counters, etc. The complaints have hit a new peak this week as many headed to the airport to board flights during their Christmas and New Year holidays," said a statement.

<https://economictimes.indiatimes.com/industry/transportation/airlines/-aviation/survey-reveals-dissatisfaction-among-air-passengers-in-india-over-compromised-comfort-and-service-cutbacks/articleshow/106301761.cms>

Energy

Renewable Energy sector to break out of torpor in 2024

Multilateral discussions on shifting away from fossil fuels and relying more on renewable energy (RE) capacity seemed to put India in a tough spot in the past year. The government, however, asserted repeatedly through the year – including at the COP28 summit held in Dubai in November – the country’s dependence on coal-based capacity will not only stay, but it would also have to scale up thermal power before the phasing down starts. This ‘balanced’ approach was considered appropriate by most analysts as the country’s power demand reaches new peaks.

<https://www.financialexpress.com/business/sustainability-renewable-energy-sector-to-break-out-of-torpor-in-2024-3348071/>

Mines Ministry exploring 22 critical mineral blocks across 9 States for possible future auction

India’s Mines Ministry has identified some 22-odd blocks of critical minerals — in various stages of exploration — for possible future auction. Some seven critical mineral blocks across nine States are under discussion, sources told businessline.

<https://www.thehindubusinessline.com/economy/mines-ministry-exploring-22-critical-mineral-blocks-across-9-states-for-possible-future-auction/article67676744.ece>

States

Gujarat govt engages with over 1,000 companies to showcase GIFT City’s potential to global investors

Ahead of the Vibrant Gujarat Global Summit, Gandhinagar-based Gujarat International Finance Tec-City (GIFT City) has become a focus area with the state government promoting it as a key investment destination by engaging with over 1,000 companies to organise roadshows and delegation visits, officials said. Spread over 886 acres of area, GIFT City is India’s first operational smart city with infrastructure for international banking, insurance and capital markets. It has a committed investment of USD 1.57 billion, and a workforce of 10,000 professionals. The upcoming Vibrant Gujarat Global Summit (VGGGS), to be held in Gandhinagar between January 10 and 12, 2024, has made GIFT City an important focus area with international companies from countries like UAE, Japan, Australia, Singapore, and the USA expressing interest towards exploring investment opportunities in the GIFT International Financial Services Centre (GIFT IFSC), government officials said. While GIFT City has already witnessed several large-scale investments, the state government has engaged with over 1,000 companies through six international and eight domestic roadshows and delegation visits held in the run-up to the VGGGS to explore investment opportunities, a government release said.

<https://www.financialexpress.com/business/industry-gujarat-govt-engages-with-over-1000-companies-to-showcase-gift-citys-potential-to-global-investors-3347782/>

External

India, Russia discuss ₹-Ruble trade

External Affairs Minister S Jaishankar and Russian Deputy Prime Minister, who is also the Minister of Industry and Trade, Denis Manturov, met in Moscow on Tuesday to discuss expanding economic partnership, including smoothening mechanism for trade in national currencies and increasing Indian exports and investments in Russia. On the occasion, New Delhi and Moscow signed a pact for additional units at the Kudankulam Nuclear Power Project besides pacts for and in areas of medicines, pharmaceutical substances and medical devices.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-russia-discuss-ruble-trade/articleshow/106301673.cms>

India, Oman free trade agreement likely to be inked next month: Official

The negotiations for the proposed free trade agreement (FTA) between India and Oman are moving at a fast pace and the pact is likely to be signed next month, a senior government official said. Officials of the two countries concluded the second round of talks for the pact, officially dubbed as Comprehensive Economic Partnership Agreement (CEPA) earlier this month in Muscat. "With Oman, there is a very good progress and both sides are very eager to conclude this deal. It may be signed in January 2024," the official said. The negotiations on the text of most of the chapters have been concluded by both sides.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-oman-free-trade-agreement-likely-to-be-inked-next-month-official/articleshow/106296361.cms>

Electronics exports propelled by mobile show sharpest surge in top 10 club

Exports of electronics goods has risen by 24 per cent from April to November as compared with the same period in the last fiscal, the largest increase out of India's top 10 export categories. The increase has been propelled by mobile exports under the Production Linked Incentive (PLI) scheme and has pushed electronics up from sixth to fifth position in the top 10. A gap of \$200 million separates electronics from occupying the fourth position, currently held by drugs and pharmaceuticals at \$17.9 billion.

https://www.business-standard.com/industry/news/electronics-exports-propelled-by-mobile-show-sharpest-surge-in-top-10-club-123122600785_1.html

UAE initiates process of investing \$2 billion in food parks in India

The UAE has initiated the process of channelising its long-promised \$2-billion investments into food parks in India, starting with Gujarat, after the two countries sorted out concerns on curbs imposed by the Essential Commodities Act, sources have said.

<https://www.thehindubusinessline.com/economy/agri-business/uae-initiates-process-of-investing-2-billion-in-food-parks-in-india/article67677170.ece>