



December 28, 2023 – Thursday

Economy

India Inc needs to think big and bold, push investments: Vivek Joshi, Ministry of Finance

India needs a new cycle of private investment and banks may be required to reassess whether their growth should also include "handholding support" for project conceptualisation and structuring," said Vivek Joshi, Secretary, Department of Financial Services, Ministry of Finance. "The need of the hour is to think big and to think bold while ensuring that execution remains timely and robust. It is not easy but can be done and India is seeing this more frequently now," Joshi said at a conclave organised by State Bank of India on Wednesday. Highlighting the government's focus on fostering capital expenditure and new investment in the economy, Joshi called for a pull in "one direction" from the three key players in capital expenditure and investment - private sector entrepreneurs, bankers, and the government.

<https://economictimes.indiatimes.com/news/economy/policy/india-inc-needs-to-think-big-and-bold-push-investments-vivek-joshi-ministry-of-finance/articleshow/106330506.cms>

India to become largest economic superpower by end of century: CEBR

India will emerge as the largest economic superpower by the end of the century, with gross domestic product (GDP) 90 per cent larger than China's and 30 per cent larger than the US, Centre for Economics and Business Research (CEBR) said in its latest World Economic League Table report. The report said that India will sustain robust growth, averaging 6.5 per cent from 2024 to 2028, to surpass Japan and Germany as the world's third-largest economy by 2032. "India is expected to overtake both China and the US after 2080, based on demographic estimates and projections," the report added.

https://www.business-standard.com/economy/news/india-to-become-largest-economic-superpower-by-end-of-century-cebr-123122700566_1.html

Finance

Banks log 12.2% growth in FY23, gross bad loans down for 5th year: RBI report

Indian banks grew at 12.2% last fiscal year driven by loans to retail consumers and services sectors, but the banks' service to customers has not kept pace and they need to go beyond just monitoring the turnaround time, the Reserve Bank of India said in an annual report. The regulator said that it is reviewing the non-fund based facilities offered by banks such as guarantees and letters of credit to come up with guidelines as they form an important role in the growth and development of the economy. Banking industry's clean up continued for the fifth straight year as the fall in gross bad loans helped report a higher net interest margin, a key measure of profitability. All banks meet the regulatory capital requirements with it at 16.8% as of September.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/banks-log-12-2-growth-in-fy23-gross-bad-loans-down-for-5th-year-rbi-report/articleshow/106330471.cms>

Majority prefer banks to park savings, 21 pc in gold: Survey

The affinity of Indians for gold and traditional bank deposits remain unwavering as about 77 per cent of respondents preferred to safeguard their earnings through bank deposits and 21 per cent choose to invest in gold in 2023,

according to a survey. The Money9 annual personal finance pulse survey indicated a positive trend in insurance penetration, with over 27 per cent of households holding life insurance policies in 2023, higher from 19 per cent in the 2022 survey. However, a 53 per cent of households still lack health insurance coverage, according to the survey, which is based on responses from over 35,000 households across 20 states.

<https://economictimes.indiatimes.com/news/economy/indicators/majority-prefer-banks-to-park-savings-21-pc-in-gold-survey/articleshow/106325261.cms>

IBBI prepares list of 787 insolvency professionals to expedite resolution process

The bankruptcy regulator has firmed up a provisional list of 787 insolvency professionals (IPs) that it will share with the adjudicating authority to choose from to oversee various cases of resolution or liquidation. The move is aimed at avoiding administrative delays in the appointment of IPs to expedite insolvency resolution and prevent further erosion of stressed asset value, said a senior official. Separately, the Insolvency and Bankruptcy Board of India (IBBI) has also picked up 31 Insolvency Professional Entities (IPEs)--usually comprising a group of such professionals--that have also registered themselves as IPs to oversee resolution. The lists are provisional and will be updated periodically.

<https://economictimes.indiatimes.com/news/company/corporate-trends/ibbi-prepares-list-of-787-insolvency-professionals-to-expedite-resolution-process/articleshow/106320689.cms>

Focus on capex-led growth strategy to continue, FinMin Indicates

The Centre will continue to focus on a capex-led growth strategy to support economic growth as it goes about putting into effect a roadmap for transforming the country into a \$5-trillion economy. This was reflected in the 2023 year-end for the Department of Economic Affairs in the Finance Ministry released on Wednesday.

<https://www.thehindubusinessline.com/economy/focus-on-capex-led-growth-strategy-to-continue-finmin-indicates/article67680602.ece>

SEBI extends deadline for nomination filing

Market regulator SEBI has extended the deadline for completing the nomination process in mutual fund and demat accounts to next June-end against the December 31 fixed earlier. Investors must either choose a nominee/s or explicitly opt out of nomination by submitting a declaration before the new deadline, said the circular.

<https://www.thehindubusinessline.com/markets/sebi-extends-deadline-for-nomination-filing/article67680616.ece>

Inflows from private equity, venture capital funds to domestic companies plunge to \$27.9 billion in 2023

Investments from private equity and venture capital funds into domestic companies declined about 40 per cent to USD 27.9 billion so far this year, while the outflow increased marginally to USD 19.34 billion year-on-year. According to the numbers collated by Venture Intelligence that tracks private capital and debt flows, and industry body IVCA, investments by private equity and venture capital funds as of December 20, 2023, fell to a low of USD 27.9 billion across 697 transactions, as against USD 47.62 billion inflows in 2022 across 1,364 deals. The year also saw more money being pulled out from the country by private equity players with overall exits touching USD 19.34 billion from 248 companies as against 233 exits worth USD 18.45 billion in 2022, according to the data.

<https://economictimes.indiatimes.com/news/company/corporate-trends/inflows-from-private-equity-venture-capital-funds-to-domestic-companies-plunge-to-27-9-billion-in-2023/articleshow/106317832.cms>

Industry

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>

Smaller electric two-wheeler players unlikely to raise prices in 2024

Smaller players manufacturing electric two-wheelers (E2Ws) are unlikely to raise prices of their models initially in 2024 in order to ensure volumes do not drop. The prices of E2Ws range from Rs 90,000 to Rs 1 lakh, the players being Lohia Auto, Godawari Electric, Emobi, etc. As India's E2W sector gears up to go past one million in 2024, manufacturers are likely to maintain price stability, underpinned by strategic independence from subsidies under Faster Adoption and Manufacturing of Electric (and Hybrid) Vehicles II (FAME II), localisation efforts, sustainability initiatives, and a focus on affordability.

https://www.business-standard.com/companies/news/smaller-electric-two-wheeler-players-unlikely-to-raise-prices-in-2024-123122700895_1.html

IT sector to hire 8-10% more in 2024: Report

IT hiring is expected to gain momentum at the start of calendar year 2024, driven by the growing adoption of new technologies such as big data, cloud computing, and artificial intelligence, according to NLB Services' year-end outlook. Overall hiring in the IT sector is expected to surge by 12-15 per cent in CY 2024, especially due to a surge in GCCs and a stabilising global economy. The initial quarter will see 8-10 per cent growth in hiring, followed by 12-14 per cent in Q2 and Q4.

<https://www.thehindubusinessline.com/info-tech/it-sector-to-hire-8-10-more-in-2024-report/article67679343.ece>

Travel companies witness an uptick in winter inbound travel

As winter takes hold, India's tourism industry is experiencing a notable surge in inbound travel signalling a strong rebound. Travel companies, including ixigo, EaseMyTrip and Cleartrip, have witnessed a substantial year-on-year increases ranging from 22 per cent to 62 per cent. Ixigo witnessed a 62 per cent surge in bookings and searches compared with the previous year, while EaseMyTrip and Cleartrip witnessed increases of 30 per cent and 22 per cent, respectively.

<https://www.thehindubusinessline.com/economy/travel-companies-witness-an-uptick-in-winter-inbound-travel/article67680379.ece>

Agriculture

Basmati prices cool at home as a restive Red Sea hurts exports

Exports of basmati rice have fallen due to militant attacks against merchant ships in the Red Sea, leading to 5-10% fall in basmati prices in the domestic market, exporters said. Leading shipping lines' decision to avoid the Suez Canal route amid Houthi attacks has also impacted sunflower oil imports from Russia and Ukraine. Sunflower oil prices in the local market are likely to go up by 3-4% as international prices have increased by \$30 per tonne in the last one week to \$940 per tonne, trade insiders said. Basmati exporters said the export market has become sluggish and the shipping cost to places like Jeddah, Yemen, Beirut, and Durban have shot up multiple times in some cases.

<https://economictimes.indiatimes.com/news/economy/agriculture/basmati-prices-cool-at-home-as-a-restive-red-sea-hurts-exports/articleshow/106330536.cms>

Infrastructure

Cabinet approves 6-lane bridge over Ganga in Bihar, road project in Tripura

The Cabinet Committee on Economic Affairs chaired by the Prime Minister Narendra Modi, on Wednesday, gave its go ahead to construction of a bridge on Bihar and widening of a road in Tripura entailing an investment of over Rs 5500 crore. "The CCEA gave its approval for the construction of new 4556 m long, 6-lane high level and extra dosed cable stayed bridge across river Ganga (parallel to western side of existing Digha-Sonepur rail-cum road bridge) and its approaches on both sides in the districts of Patna and Saran (NH-139W) in Bihar on EPC mode," it said, adding that the total cost for the project is Rs 3,064.45 crore which includes civil construction cost of Rs 2,233.81 crore.

<https://economictimes.indiatimes.com/news/economy/infrastructure/cabinet-approves-6-lane-bridge-over-ganga-in-bihar-road-project-in-tripura/articleshow/106326817.cms>

Energy

No blanket exception for PSU oil companies from local sourcing mandate on steel

Government-controlled oil companies will have to seek case-by-case exceptions when not complying with local sourcing mandate on steel products. According to officials aware of the move, the ministry of petroleum and natural gas had requested a general exception from provisions of the Domestically Manufactured Iron & Steel Products (DMI&SP) policy. "More evidence is required to say that steel items could not be domestically manufactured. There will be no general exception under DMI&SP to the companies," a senior government official told ET.

<https://economictimes.indiatimes.com/industry/energy/oil-gas/no-blanket-exception-for-psu-oil-companies-from-local-sourcing-mandate-on-steel/articleshow/106330276.cms>

States

Companies ink 30 MoUs with Gujarat government expressing Rs 24,707 crore investment intention

A total of 30 Memorandums of Understanding expressing investment intentions of Rs 24,707 crore were signed at a ceremony in Gandhinagar on Wednesday ahead of the 10th edition of the Vibrant Gujarat Global Summit (VGGS), officials said. "A total of 30 MoUs, amounting to Rs 24,707 crore, were formally signed and exchanged. The operationalisation of the MoUs is expected to generate direct and indirect employment opportunities for more than 38,000 youth across diverse sectors in Gujarat," stated an official release.

<https://economictimes.indiatimes.com/news/company/corporate-trends/companies-ink-30-mous-with-gujarat-government-expressing-rs-24707-crore-investment-intention/articleshow/106328325.cms>

UP takes lead in new investor registration in 2023 with 2.3 mn investors

About 16 million new investors entered the equity market in 2023 with Uttar Pradesh emerging at the top with 2.3 million new investor additions, according to data released by the National Stock Exchange. Uttar Pradesh, which saw a 34 per cent jump in investor count, left behind Maharashtra, which has traditionally been the biggest source of investors. The western state added 2.2 million new investors and remains the largest investor base with 14.9 million unique investors. Uttar Pradesh and Gujarat come in next with total investor count of 8.9 million and 7.7 million, respectively.

Investors' interest in the equity market went up in 2023, driven by the rally in small and midcaps, as well as the strong performance of initial public offerings (IPOs), which drew new investors into the equity market. In August, the demat account additions surged to a 19-month high of 3.1 million.

https://www.business-standard.com/markets/news/up-takes-lead-in-new-investor-registration-in-2023-with-2-3-mn-investors-123122700885_1.html

External

India to begin FTA talks with Russia-led economic bloc in Jan: Jaishankar

India will begin trade negotiations with the Eurasian Economic Union (EEU) bloc of countries for a free trade deal in January, External Affairs Minister S Jaishankar said on Wednesday in Moscow. Addressing a press conference with his Russian counterpart Sergey Lavrov after both had extensive discussions as part of the annual India-Russia bilateral engagements, Jaishankar said that trade, investments and logistics had figured extensively in their talks.

The ministerial meeting also saw talks on mutual investments, and the need to progress on a bilateral investment treaty, Jaishankar said. He stressed that both nations "discussed long-term arrangements" to ensure flows of fertilisers and coking coal.

https://www.business-standard.com/economy/news/india-to-begin-fta-talks-with-russia-led-economic-bloc-in-jan-jaishankar-123122701121_1.html