



December 29, 2023 – Friday

Economy

Primary risks to economy's outlook stem from global headwinds: RBI report

Global headwinds pose the main risks to the outlook for the Indian economy, said the Reserve Bank of India in its bi-annual Financial Stability Report on Thursday. Although domestic macroeconomic stability is anchored by decreasing inflation, consistent fiscal consolidation, and a modest current account deficit, the global scenario is marked by low growth, high public debt, and geo-economic uncertainties. The report said that the global financial system is more resilient since the 2023 banking turmoil, but prolonged tight monetary policy and further economic slowdown could test financial stability.

https://www.business-standard.com/industry/banking/primary-risks-to-economy-s-outlook-stem-from-global-headwinds-rbi-report-123122801098_1.html

Risk of oil price spike impacting India in FY25 is low: CEA Nageswaran

The spike in oil prices due to global factors, including economic slowdown and geopolitical conflicts, is unlikely to be a major downside risk for the Indian economy in the next financial year (FY25), according to V. Anantha Nageswaran, Chief Economic Advisor. 'The cooling of economic activity will happen first before a decline in global interest rates happens. Therefore, I do not think energy demand will necessarily become sufficient enough in the course of 2024 to see oil prices spike up.

https://www.business-standard.com/economy/news/risk-of-oil-price-spike-impacting-india-in-fy25-is-low-cea-nageswaran-123122801022_1.html

Weak consumption demand key vulnerability for growth: Shashanka Bhide

Shashanka Bhide, one of the three external members of the Monetary Policy Committee (MPC), on Thursday flagged a weak consumption demand as a key vulnerability for growth in the second half of the current fiscal as well as the next financial year. After more-than-expected Q2 growth which printed at 7.6 per cent on the back of a 7.8 per cent clip in Q2, the Reserve Bank in the December policy review revised upwards the FY24 growth projection by 50 bps to 7 per cent.

https://www.business-standard.com/economy/news/weak-consumption-demand-key-vulnerability-for-growth-shashanka-bhide-123122801203_1.html

Finance

Interim budget: Govt likely to give populist spending a pass ahead of general election

The government is likely to stay on the fiscal course-correction glide path in the interim budget for FY25, shunning populist spending or incentives ahead of the summer general election, said people aware of deliberations on the subject. The post-Covid-19 fiscal consolidation roadmap proposed by the government estimates the fiscal deficit at 4.5% of GDP by FY26 from the budgeted 5.9% this year.

<https://economictimes.indiatimes.com/news/economy/policy/interim-budget-govt-likely-to-give-populist-spending-a-pass-ahead-of-general-election/articleshow/106362439.cms>

SEBI panel proposes price move as defining criteria for rumour verification

Industry Standards Forum (ISF), a body set up by the market regulator under the aegis of the stock exchanges, has proposed that the requirement for rumour verification for listed firms be made applicable whenever there is a material “price movement” of the entities’ securities — instead of a material “event”. To determine the material price movement, a lower percentage variation may be considered for securities falling under high price range and a higher percentage variation may be considered for securities falling under low price range. To factor in market dynamics, the price variation in the securities of the listed entity may be indexed to movement in Nifty 50 or the Sensex.

<https://www.thehindubusinessline.com/money-and-banking/sebi-panel-proposes-price-move-as-defining-criteria-for-rumour-verification/article67684268.ece>

CBDT clarifies applicability of TDS liability for e-retailers on ONDC

The income tax department on Thursday clarified the applicability of TDS liability of e-retailers trading through the government's ONDC initiative. As per the FAQ issued by the Central Board of Direct Taxes (CBDT), a 1 per cent TDS will have to be deducted from the gross sale amount after including convenience/ packaging/shipping fees as charged by e-commerce trading platforms for the order placed on ONDC.

https://www.business-standard.com/economy/news/cbd-clarifies-applicability-of-tds-liability-for-e-retailers-on-ondc-123122801290_1.html

RBI to conduct 7-day VRR to inject up to Rs 1.25 trn into banking system

The Reserve Bank of India (RBI) will conduct a 7-day variable rate repo auction (VRR) auction on Friday to inject up to Rs 1.25 trillion into the banking system, the central bank said on Thursday. In the preceding three VRR auctions, the central bank received a significant response, with banks submitting bids ranging between 2.5 to 3.2 times the bidding amounts due to tight liquidity conditions in the system.

https://www.business-standard.com/economy/news/rbi-to-conduct-7-day-vrr-to-inject-up-to-rs-1-25-trn-into-banking-system-123122801042_1.html

Insurance investments highly regulated, need to allow more asset classes: LIC Chairman

Investments for insurance companies are highly regulated and life insurers should be allowed more investment classes to enhance their liquidity, Life Insurance Corporation (LIC) of India Chairman Siddhartha Mohanty said. “For insurance companies, so far as investment is concerned, it is highly regulated. So, new asset classes should also be allowed, like sovereign gold bonds, and equity derivatives. All these should also be allowed to insurance companies so that there will be more liquidity,” he said at SBI’s Banking and Economic Conclave. In addition, despite being the largest debt investor, LIC does not have access to the Central Repository of Information on Large Credits (CRILIC) data, the debt data platform managed by RBI.

<https://www.thehindubusinessline.com/money-and-banking/insurance-investments-highly-regulated-need-to-allow-more-asset-classes-lic-chairman/article67684599.ece>

Industry

Synthetic textile industry seeks higher duty drawback, duty remission to tide over Red Sea crisis

The Synthetic and Rayon Textiles Export Promotion Council has sought higher duty drawbacks, rebates of State and Central taxes and levies (RoSCTL), and Remission of Duties or Taxes on Export Products (RoDTEP) citing delays and steep increase in freight rates and insurance premium due to the crisis in the Red Sea. “As a result of the attacks, Ships are reportedly taking a 6000 nautical miles detour around Africa which means an additional 15 days transit time that is causing steep increase in freight rates and insurance premium,” said Bhadrash Dodhia, chairman, Synthetic & Rayon Textiles Export Promotion Council.

<https://economictimes.indiatimes.com/industry/cons-products/garments-/textiles/synthetic-textile-industry-seeks-higher-duty-drawback-duty-remission-to-tide-over-red-sea-crisis/articleshow/106352064.cms>

Govt aims to attract investors from Germany, UK for electric vehicles

The government is working on a policy to boost domestic manufacturing of electric vehicles (EV), and towards this, it is trying to get foreign investors on board, a senior government official said on Thursday. While the government is

yet to firm up the timeline of the launch of policy, there have been consultations with several countries on the matter. "Consultations on new EV policy to boost investment and manufacturing underway.

https://www.business-standard.com/economy/news/govt-aims-to-attract-investors-from-germany-uk-for-electric-vehicles-123122801318_1.html

India may exempt certain steel product imports from quality control requirements to rein in prices

India may exempt certain steel product imports from quality control requirements to meet domestic demand and rein in prices, reported ET Now on Thursday citing sources. The products could include aerospace steel grade and high-speed tool steel among others. India only allows steel grades that are governed by its quality control policy and is ratified by its bureau of Indian standards.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/steel/india-may-exempt-certain-steel-product-imports-from-quality-control-requirements-to-rein-in-prices/articleshow/106352443.cms>

India's private space industry seeks bold reforms, clarity on FDI

India's private space industry has sought bold and transformative reforms with clarity on the foreign direct investment to propel the nascent sector in the new year. The industry had welcomed the government decision, reflected in the Telecommunications Act approved by Parliament, to adopt the administrative route for allocation of satellite-based spectrum which would help bridge the digital divide by enabling space-based broadband internet access to remote parts of the country.

https://www.business-standard.com/pti-stories/national/india-s-space-industry-seeks-bold-reforms-clarity-on-fdi-123122800821_1.html

Agriculture

Cotton acreage may drop by 10% on falling yield, low price, says CAI

After recording the lowest ever production in the last 15 years at 29.41 million bales in the 2023-24 season, the next year might also not look particularly good for the cotton crop with overall sowing projected to drop by almost 10 per cent due to falling yields and low price realisation, an assessment done by the Cotton Association of India (CAI) showed. Cotton marketing season runs from October to September, and the crop is largely cultivated during the kharif season after the advent of monsoons.

https://www.business-standard.com/economy/news/cotton-acreage-may-drop-by-10-on-falling-yield-low-price-says-cai-123122801036_1.html

Govt hopeful of 'bountiful harvest' amid food inflation headwinds

With India's farm sector remaining resilient to erratic weather conditions, the government is hopeful of having bountiful food grain production even as it tries hard to keep a lid on food inflation ahead of general elections in 2024. From floods to droughts, extreme weather events this year have not only raised fears over foodgrain production but also created an artificial supply scare that forced the government to take a slew of pre-emptive measures, including export curbs on certain commodities. Besides, the government subsidised the sale of a few commodities to improve domestic supply and arrest the sharp spikes in retail prices of wheat, rice, edible oils, pulses, tomato, and onion.

<https://economictimes.indiatimes.com/news/economy/agriculture/govt-hopeful-of-bountiful-harvest-amid-food-inflation-headwinds/articleshow/106346824.cms>

Infrastructure

Centre paves way for using waste in building highways

The government has decided to link road construction with the Swachh Bharat Mission 2.0, paving the way for the use of inert material from solid waste in the building of embankments across national highways. Following the success of pilot projects, the Ministry of Road Transport and Highways has firmed up a draft policy on the use of inert waste material that does not disintegrate naturally and has sought public comments. ET has seen the draft policy. The move is aimed at resolving the twin problems of disposal of urban solid waste and rising requirement of earth or soil for the construction of embankments as highway construction picks up pace.

<https://economictimes.indiatimes.com/industry/transportation/roadways/centre-paves-way-for-using-waste-in-building-highways/articleshow/106358769.cms>

State-of-the-art Ayodhya airport set for takeoff

The soon-to-open international airport here endowed with modern amenities carries a traditional look with the design of its facade depicting architectural style being used in the upcoming Ram temple, officials said on Thursday. Prime Minister Narendra Modi is slated to inaugurate the Shri Ram International Airport and the redeveloped Ayodhya railway station on December 30.

<https://economictimes.indiatimes.com/industry/transportation/airlines/-aviation/state-of-the-art-ayodhya-airport-set-for-takeoff/articleshow/106358202.cms>

Energy

Govt charts plan to paint 800k diesel buses green, scheme likely to replace FAME III

The government is working on a plan to replace 800,000 diesel buses, more than a third of the total on roads, with electric ones over the next seven years. Apart from lowering vehicular emissions, this is also expected to catalyse investments in the electric vehicle (EV) ecosystem in the country. The replacement plan includes 200,000 electric buses for state transport undertakings (STUs), 550,000 for private operators, and 50,000 for schools and employee transportation by 2030, top government sources told ET. Designed to electrify the country's public transport systems, the plan is likely to replace the third leg of the Faster Adoption and Manufacturing Electric Vehicles (FAME) incentive programme and pitch India as a global manufacturing hub for EVs.

<https://economictimes.indiatimes.com/industry/renewables/govt-charts-plan-to-paint-800k-diesel-buses-green-scheme-likely-to-replace-fame-iii/articleshow/106362319.cms>

PNGRB sets up expert committee to review safety framework in oil and gas sector

The Petroleum and Natural Gas Regulatory Board (PNGRB) has set up an expert committee to review the current safety framework in the oil and gas sector in the wake of an oil spill in Tamil Nadu earlier this month. The committee comprises six members and is headed by former HPCL chairman M B Lal. It will submit a report in three months. The committee will suggest a way forward to strengthen the technical and safety system in the oil and gas industry, the regulator said.

<https://economictimes.indiatimes.com/industry/energy/oil-gas/pngrb-sets-up-expert-committee-to-review-safety-framework-in-oil-and-gas-sector/articleshow/106353006.cms>

Telecom

Telecom Sector Skill Council aims to train, place 150,000 candidates in '25

The Telecom Sector Skill Council (TSSC) is planning to train and place over 1.5 lakh candidates in telecom and related emerging technologies in the next financial year to reduce the demand-supply workforce gap. The increasing convergence of telecom with the technology sector and especially the launch of 5G has resulted in a higher demand for skilled/unskilled/reskilled workforce in the industry.

https://www.business-standard.com/industry/news/telecom-sector-skill-council-aims-to-train-place-150-000-candidates-in-25-123122801090_1.html

Healthcare

India's pharma lobby bats for drug approvals in line with global markets

The Organisation of Pharmaceutical Producers of India (OPPI), which represents prominent multinational pharma companies, has urged the drug controller to enable parallel approval of drugs in sync with global markets, to expedite the launch of new medicines in India. According to the OPPI, launching a new drug in India is delayed by up to four years, compared to markets like the US and the European Union. This affects the launch of innovative and significant products in India.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals/indias-pharma-lobby-bats-for-drug-approvals-in-line-with-global-markets/articleshow/106359086.cms>

External

Govt targeting \$500 bn exports from 10-11 sectors by 2030: Official

The government is working on boosting domestic manufacturing and increasing exports to USD 500 billion by 2030 from 10-11 sectors, including automobiles, pharma, textiles, medical devices and chemicals, a senior official said on Thursday. These issues were discussed during a meeting called by the Commerce and Industry Ministry on Thursday. The meeting was convened by the Department of Promotion of Industry and Internal Trade (DPIIT) in collaboration with Invest India and SCALE (Steering Committee for Advancing Local Value-Add and Exports) Committee to unveil outcomes and recommendations made during the Chintan Shivir for Manufacturing, held on October 12 at Bharat Mandapam here.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/govt-targeting-500-bn-exports-from-10-11-sectors-by-2030-official/articleshow/106358710.cms>

Govt to extend RoDTEP benefits to e-commerce exports: Piyush Goyal

Commerce and Industry Minister Piyush Goyal on Thursday said that the government has decided to extend the benefits of the export-boosting scheme Remission of Duties and Taxes on Exported Products (RoDTEP) to e-commerce exports. The RoDTEP scheme, which came into effect three years ago, refunds the embedded non-creditable central, state, and local levies paid on inputs to exporters. 'Right now, e-commerce exporters are not getting RoDTEP benefits. We are going to notify that RoDTEP will be available for e-commerce, and for whatever IT enablement is required, the Commerce Ministry will do,' a senior government official said.

https://www.business-standard.com/economy/news/govt-to-extend-rodtep-benefits-to-e-commerce-exports-piyush-goyal-123122801007_1.html

Working with RBI, other ministries on steps to promote e-comm exports: DGFT

The commerce ministry's arm DGFT is working with the RBI and concerned ministries, including the finance ministry, on several steps like providing flexibility in payment realisation to promote exports through e-commerce medium, a senior government official said on Thursday. Director General of Foreign Trade (DGFT) Santosh Kumar Sarangi said that huge export opportunities are there in the e-commerce sector. "India is well poised to take advantage of e-commerce benefits, and for this, the biggest requirement is to change our mindsets...So, this would require a lot of changes in the regulations," he told reporters here. Sarangi said DGFT is working with departments like revenue, post, MSME, DPIIT (department for the promotion of industry and internal trade) and the RBI.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/working-with-rbi-other-ministries-on-steps-to-promote-e-comm-exports-dgft/articleshow/106357508.cms>

Centre extends import duty exemption on tur, urad dal to March 2025

The Central Government on Thursday extended the import duty exemption given to tur and urad dal for another year, till March 31, 2025, according to an order issued by the Director General of Foreign Trade (DGFT). Effective since October 2021, this let-off will now continue till March 31, 2025. The development comes at a time when India is experiencing high food inflation, which rose to 8.7 per cent in November, up from 6.61 per cent in October. Prices of pulses have seen an inflation of 20 per cent in November. Recently, the Centre had also extended the import duty exemption for masur dal by one year to March 2025.

https://www.business-standard.com/economy/news/centre-extends-import-duty-exemption-on-tur-urad-dal-to-march-2025-123122800709_1.html

India-Russia trade to exceed 50 bn USD this year: Denis Manturov

Russia's Deputy PM & Trade Minister has welcomed an upcoming milestone in economic ties with India, while meeting the country's top diplomat, currently on a five-day visit to Moscow and St. Petersburg. Industry and Trade Minister Denis Manturov told External Affairs Minister S Jaishankar that despite the challenges faced by both countries, economic ties are developing rapidly.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-russia-trade-to-exceed-50-bn-usd-this-year-denis-manturov/articleshow/106354651.cms>

