



January 03, 2024 – Wednesday

## Key Developments

### Govt issues SOP to make changes, cancel industrial entrepreneur memorandum

The government on Tuesday issued a standard operating procedure (SOP) to make changes or cancel Industrial Entrepreneur Memorandum (IEM). Industrial undertakings exempt from the requirements of licensing under The Industries (Development and Regulation) Act 1951 are required to file information related to setting up of industries, which is known as IEM. Confirmation for receipt of such information by the Department for Promotion of Industry and Internal Trade (DPIIT) is known as 'IEM Acknowledgement'. In an office memorandum, the DPIIT said that for cancellation of IEM acknowledgements, the firm concerned has to give a request letter on company's letter head signed by authorised officer giving specific reasons for cancellation, along with the copy of original IEM. The department said that it was receiving several applications from companies requesting for amendments, cancellation and issuance of duplicate IEM.

<https://economictimes.indiatimes.com/news/economy/policy/govt-issues-sop-to-make-changes-cancel-industrial-entrepreneur-memorandum/articleshow/106492326.cms>

## Economy

### Goldman Sachs sees current account deficit falling to 1% of GDP this fiscal

Stating that the country's external balances are stronger than expected on the back of strong inflows, a Wall Street brokerage on Tuesday projected a much lower current account deficit which is likely to print at 1 per cent for this fiscal, leaving the balance of payment surplus at \$39 billion. Goldman Sachs in a report said the country's external balances remain favourable with a combination of low CAD, strong capital flows, adequate forex reserves and low external debt.

[https://www.business-standard.com/economy/news/goldman-sachs-sees-current-account-deficit-falling-to-1-of-gdp-this-fiscal-124010200583\\_1.html](https://www.business-standard.com/economy/news/goldman-sachs-sees-current-account-deficit-falling-to-1-of-gdp-this-fiscal-124010200583_1.html)

### At ₹10.80 lakh crore, new investments in first nine months of FY24 still low: BoB's eco research dept

New investments, announced by India Inc in the first nine months (9M) of FY24, at ₹10.80 lakh crore are still low and not picking up at the desired rate, according to an analysis by Bank of Baroda's Economic Research Department (ERD). This is an indication that the industry in general is still in a wait and watch mode, the ERD said in a report.

<https://www.thehindubusinessline.com/economy/at-1080-lakh-crore-new-investments-in-first-nine-months-of-fy24-still-low-bobs-eco-research-dept/article67698441.ece>

## Banking and Finance

### Banks' pass through of rate hikes fastest of past three cycles: RBI

Banks have passed on higher interest rates effected by the RBI the quickest in the last three rate increase cycles, data from the central bank shows. This is largely due to the regulator mandating the linking of lending rates to external benchmarks. "Monetary policy transmission to bank lending and deposit rates has been stronger in this cycle compared to previous cycles" the Reserve Bank of India said In its latest Financial Stability Report. Transmission

to outstanding lending rates was 112 basis points (one basis point or bps is 0.01 percent) or 45% of the total tightening of 250 bps tightening between May 2022 and February 2023. But in the previous two tightening cycles of July 2013 to December 2014 and June 2018 to Jan 2019 the transmission to outstanding lending rates was negligible data show.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/transmission-of-rates-fastest-in-the-latest-cycle/articleshow/106491867.cms>

#### **Customers' complaints against credit information companies increasing: RBI**

The Reserve Bank on Tuesday said there has been a rise in customer complaints against credit information companies (CICs). The central bank has also found "some concerns" on the conduct of CICs in its supervisory assessment, an official statement said without specifying the concerns. The statement, released after a meeting between Deputy Governor Swaminathan J and managing directors and chief executives of CICs earlier in the day, also mentioned the specific areas where CICs need to focus on.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/customers-complaints-against-credit-information-companies-increasing-rbi/articleshow/106493221.cms>

#### **Reserve Bank of India seeks to lower NNPA of banks for paying dividends**

The Reserve Bank of India (RBI) on Tuesday proposed to tighten norms for dividend declaration by banks as it lowered the net non-performing asset (NPA) ratio for a lender to be eligible for paying dividends. In a draft circular released on Tuesday, the RBI said it would not entertain any ad hoc dispensation on the declaration of dividends. Feedback on the draft circular can be submitted by January 31. The RBI proposed the new norms for declaration of dividend for FY25 and onwards.

[https://www.business-standard.com/finance/news/reserve-bank-of-india-proposes-to-tighten-banks-dividend-payout-norms-124010201023\\_1.html](https://www.business-standard.com/finance/news/reserve-bank-of-india-proposes-to-tighten-banks-dividend-payout-norms-124010201023_1.html)

#### **Banks hike FD rates ahead of Q4 to support credit growth, protect NIMs**

Most of the large PSU banks and some private sector banks have raised interests on their term deposits to support credit growth, which is traditionally accelerated in the last quarter of the financial year, and protect their margins. Over the last few weeks, lenders such as State Bank of India, Union Bank of India, Bank of India, Kotak Mahindra Bank and Punjab National Bank have hiked interest rates on domestic and/or NRI retail term deposits of less than ₹2 crore, by 10-75 bps, across various tenures.

<https://www.thehindubusinessline.com/money-and-banking/banks-hike-fd-rates-ahead-of-q4-to-support-credit-growth-protect-nims/article67699301.ece>

#### **Yield spread between state bonds and g-sec widens to two-year high**

The spread between yields on the 10-year state bonds and the benchmark 10-year government bond widened to a two-year high due to large supply of state bonds during the last quarter of the current financial year. The widening of yield spread indicates a growing disparity in borrowing costs between states and the central government. Consequently, states may have to shell out more to raise funds compared to the sovereign.

[https://www.business-standard.com/economy/news/yield-spread-between-state-bonds-and-g-sec-widens-to-two-year-high-124010200832\\_1.html](https://www.business-standard.com/economy/news/yield-spread-between-state-bonds-and-g-sec-widens-to-two-year-high-124010200832_1.html)

### **Industry**

#### **Weak rural demand set to hit consumer goods sales in Q3**

Demand for daily household products and groceries continued to be challenging in villages during October-December quarter, potentially hurting volume growth of the overall consumer goods sector. Rural volumes, which have been lagging urban growth for over a year, could either decline or remain flat due to inflation and proliferation of smaller regional players, said companies and analysts. Upcoming general elections and a further reduction in inflation are likely to lead to a gradual improvement in FY25. "Rains have been patchy, especially in a few crucial markets, and we did not see any visible recovery in the rural areas last quarter. While inflation has been a concern, we expect rural demand to recover as companies cut product prices and sentiments improve due to election spending," said Krishnarao Buddha, senior category head, marketing at Parle Products.

<https://economictimes.indiatimes.com/industry/cons-products/fmkg/weak-rural-demand-set-to-hit-consumer-goods-sales-in-q3/articleshow/106494522.cms>

#### **A hotel stay may cost you more this year as rates set to surge by 7-10%**

Hotel rates in India are likely to increase 7-10% year on year in 2024 regardless of the uncertainty of the outcome of events such as the general election, according to industry executives. They said that most new supply is likely to get absorbed, and key business markets such as Delhi and Mumbai and leisure markets such as Kashmir could see up to 15% increase in hotels this year. "In the dynamic Indian hospitality market that is being fuelled by robust economic growth and the prospects of an imminent achievement of a \$4 trillion economy, the steady rise in demand is undeniable," said Nandivardhan Jain, CEO of hospitality advisory firm Noesis Capital Advisors. "We can expect rates to go up by 10% this year over last year. The maximum addition in the branded supply segment won't be over 25,000 rooms this year and that too will be spread across quarters. There are a lot of emerging markets such as Ayodhya, Varanasi and Deogarh that are likely to contribute to an uptick in demand." "The listed hotels' market cap, at ₹1.2 lakh crore, is anticipated to reach ₹1.5 lakh crore by the end of 2024," said Jain.

<https://economictimes.indiatimes.com/industry/services/hotels-/restaurants/a-hotel-stay-may-cost-you-more-this-year-as-rates-poised-to-surge-7-10/articleshow/106494396.cms>

#### **Edtech faces funding crunch in 2023 amidst sector shifts**

In 2023, the edtech sector has been a roller-coaster year due to funding decline as firms realised the need for strategic business improvements and prudent cost-cutting measures to tide over the liquidity crisis. As the pandemic waned, so did the demand for online learning as schools, colleges and centres reopened for offline classes.

<https://www.thehindubusinessline.com/news/education/edtech-faces-funding-crunch-in-2023-amidst-sector-shifts/article67698698.ece>

### **Agriculture**

#### **FCI to borrow Rs 50,000 cr to meet short-term fund needs**

State-owned Food Corporation of India, or FCI, will borrow Rs 50,000 crore to meet its short-term fund requirements. The FCI has invited bids from banks for raising a three-month tenure loan to likely meet its cash flow mismatch and for the procurement and distribution of food grains, said a person familiar with the matter. This short-term loan will be on an unsecured basis. Fully owned by the government, FCI has a paid-up capital of Rs 9,999.79 crore. "The corporation has invited bids and generally, the interest rate for such tenure loans are around 7%," said a bank executive aware of the matter.

<https://economictimes.indiatimes.com/news/economy/finance/fci-to-borrow-rs-50000-cr-to-meet-short-term-fund-needs/articleshow/106493893.cms>

#### **Sugar production falls again, dips 7.7% to 11.2 mn tonnes in Oct-Dec: NFCSF**

Sugar production was 7.7 per cent lower at 11.2 lakh tonnes in the first three months of the ongoing 2023-24 season, owing to lesser output in two key states, according to cooperative body NFCSF. Sugar production stood at 121.35 lakh tonnes during the October-December period of 2022-23 season. Sugar season runs from October to September. Releasing the latest data, the National Federation of Cooperative Sugar Factories (NFCSF) said a total of 511 factories had crushed 1,223 lakh tonnes of sugarcane till December 2023 of the ongoing season.

[https://www.business-standard.com/industry/news/sugar-production-falls-again-dips-7-7-to-11-2-mn-tonnes-in-oct-dec-nfcsf-124010200614\\_1.html](https://www.business-standard.com/industry/news/sugar-production-falls-again-dips-7-7-to-11-2-mn-tonnes-in-oct-dec-nfcsf-124010200614_1.html)

#### **Nafed feels the pulse, ropes in pvt retailers to sell subsidised grains**

For the first time, the government subsidised foodgrain in consumer packs have become available to consumers through private retail channels. Government agency Nafed launched the pilot of selling subsidised pulses under the Bharat Dal brand through Reliance Retail and Big Basket. It plans to soon begin sale of Bharat Atta through the private retail channels, confirmed Nafed officials, who did not wish to be identified. Reliance has started selling Bharat Dal from end-October and has been getting increasingly good response. At some of the Reliance stores, the sale of Bharat Dal is about 50% of the total sale of chana dal at that store, said industry sources. Although subsidised chana

dal is competition to their own private labels, private retailers have agreed to sell Bharat Dal as they get good volumes and because of government pressure, said sources. Reliance did not respond to the email sent by ET.

<https://economictimes.indiatimes.com/news/economy/agriculture/nafed-feels-the-pulse-ropes-in-pvt-retailers-to-sell-subsidised-grains/articleshow/106494086.cms>

### **Tea production falls by 6.18pc to 127.12 mkgs in Nov 2023**

Tea production in the country has dipped by 6.18 per cent to 127.12 million kilograms in November 2023. According to Tea Board data, the production in the year-ago month was 135.49 million kgs. In North India, primarily comprising Assam and West Bengal, the production volume was at 106.23 million kgs (mkgs), down from 114.18 mkgs in the same period previous year. The production figures in November 2023 in South India stood lower at 20.89 mkgs from 21.31 mkgs in the same month of 2022. Maintaining the trend, the production of small growers was higher than the organised gardens in the month under review. Small growers produced 67.50 mkgs in November 2023, Tea Board data said.

<https://economictimes.indiatimes.com/news/economy/agriculture/tea-production-falls-by-6-18pc-to-127-12-mkgs-in-nov-2023/articleshow/106488399.cms>

## **Infrastructure**

### **Institutional investments in Indian real estate remains steady with 10% YoY rise in 2023, foreign investments retain dominance**

Institutional investments in the Indian real estate sector maintained a steady momentum at \$5.4 billion, up 10 per cent YoY during 2023, said a report by Colliers India. The year witnessed the highest levels of investment inflows since 2020 showcasing India's resilience despite uncertainties in global markets otherwise. While foreign investments, it added, retained their dominance, forming 67 per cent of the total inflows for the year, domestic investments also registered an impressive 66 per cent annual increase at \$1.7 billion.

<https://www.financialexpress.com/business/industry-institutional-investments-in-indian-real-estate-remains-steady-with-10-yoy-rise-in-2023-foreign-investments-retain-dominance-3352937/>

### **MahaRERA's action on non-compliance prompts increase in quarterly project updates**

The Maharashtra Real Estate Regulatory Authority (MahaRERA) has started to witness an increase in the number of projects complying with the mandatory requirement of Quarterly Progress Reports (QPR) even before any notice is served by the regulator. The strict action initiated by the regulator has prompted more than 222 projects or 46.25% out of 480 projects registered in the month of April 2023 to file their quarterly updates within the stipulated time limit. Notably, only two out of 746 projects or 0.02% projects registered in January 2023, around 19% or 131 out of 700 projects registered in February and around 34% or 150 out of 440 projects registered in March had provided quarterly updates before issuing any notice.

<https://economictimes.indiatimes.com/industry/services/property/-/cstruction/mahareras-action-on-non-compliance-prompts-increase-in-quarterly-project-updates/articleshow/106479317.cms>

## **Energy**

### **India's oil demand growth expected to remain strong in FY24: Analysts**

Despite worries over an industrial slowdown in China affecting related economies, and a cut in global crude production, oil demand in India is expected to remain positive in 2024, experts believe. These global factors had been cited to stress an impending fall in demand a few months back. But most are now increasingly pointing to rising economic activity in the country as a trigger for further increases in India's domestic demand. In its monthly oil report for December, the Organization of the Petroleum Exporting Countries (OPEC) has projected India's oil demand in 2024 at 5.59 million barrels per day (b/d), up from 5.37 million b/d in 2023, resulting in a growth of 4.1 per cent.

[https://www.business-standard.com/economy/news/india-s-oil-demand-growth-expected-to-remain-strong-in-fy24-analysts-124010200924\\_1.html](https://www.business-standard.com/economy/news/india-s-oil-demand-growth-expected-to-remain-strong-in-fy24-analysts-124010200924_1.html)

### **India hikes windfall tax on crude oil, reduces tax on ATF and diesel**

The government has hiked the windfall tax on crude oil produced in the country and cut the levy to nil on exports of diesel and ATF. The tax, levied in the form of Special Additional Excise Duty (SAED), on domestically produced crude oil has been raised to Rs 2,300 from Rs 1,300 per tonne, according to an official notification. The SAED on the export of diesel has been reduced to nil from Rs 0.50 a litre. The levy on export of jet fuel or ATF has been cut to nil from Rs 1 per litre. SAED on petrol will continue to be zero. The new rates are effective from Tuesday. India first imposed windfall profit taxes on July 1 2022, joining a growing number of nations that tax supernormal profits of energy companies.

[https://www.business-standard.com/economy/news/india-hikes-windfall-tax-on-crude-oil-reduces-tax-on-atf-and-diesel-124010200012\\_1.html](https://www.business-standard.com/economy/news/india-hikes-windfall-tax-on-crude-oil-reduces-tax-on-atf-and-diesel-124010200012_1.html)

### **Coal India's supply to non-regulated sector rises 31%**

State-owned Coal India Ltd (CIL) on Tuesday said its supplies to the non-regulated sector rose 31% to 98 million tonnes (mt) in the April-December period of the current fiscal. Coal India Ltd (CIL) supplied 75 mt fuel in the corresponding period of the previous fiscal. "Even as CIL supplies to the country's power sector exceeded the projected commitment, the company supplied an all-time high volume of 98 million tonnes to non-regulated sector consumers till December," the maharatna firm said in a statement.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/metals-mining/coal-indias-supply-to-non-regulated-sector-rises-31/articleshow/106493829.cms>

## **Telecom**

### **'Indian telcos have enough headroom to increase tariffs'**

India's telecom tariffs are amongst the lowest in the world as a percentage of per capita gross national income (GNIPc), and the country's telcos have enough headroom to raise prices by at least 1.5x over the next 4-5 years, industry executives and analysts said. GNIPc is the dollar-value of a country's final income in a year divided by its population. Accordingly, the lower the tariff as a percentage of GNIPc, the more affordable the services in that country. Among comparable nations with a GNIPc of less than \$10,000, India's telecom tariffs are the second lowest at 1.11% of GNIPc after Brazil's 0.92%, as per macro data collated by the International Telecommunication Union (ITU) and the World Bank. Telecom tariffs are much higher in South Africa (3.49% of GNIPc), Thailand (2.92%), the Philippines (2.32%), Indonesia (1.71%), Egypt (1.6%), and Bangladesh (1.4%), data showed.

<https://economictimes.indiatimes.com/industry/telecom/telecom-policy/indian-telcos-have-enough-headroom-to-increase-tariffs/articleshow/106494604.cms>

## **Healthcare**

### **India launches a single-window portal for medical devices management**

In a move to streamline the import, clinical investigations, and testing of medical devices, the Centre has launched the National Single Window System (NSWS). In a notice dated January 1, Rajeesh Raghuvanshi, drugs controller general of India, said the NSWS has been established as a "genuine single-window system, which acts as a one-stop shop for all the approvals required by the investor and facilitates ease of doing business". Business Standard has a copy of the document. The NSWS portal, distinct from the existing SUGAM and cdscomonline portals, has been developed by Tata Consultancy Services (TCS).

[https://www.business-standard.com/industry/news/india-launches-a-single-window-portal-for-medical-devices-management-124010200576\\_1.html](https://www.business-standard.com/industry/news/india-launches-a-single-window-portal-for-medical-devices-management-124010200576_1.html)

### **Home health care industry sees demand rising in India's smaller cities**

India's home health care industry, estimated to be worth \$8.8 billion in 2023, is expanding to smaller cities as service costs reduce and insurance cover expands, say experts. An ageing population, a growing middle class, lifestyle diseases, emphasis on public-private partnerships and the adoption of digital technologies are other factors helping the industry alternatively known as out-of-hospital care. The industry provides at-home care and assists patients needing rehabilitation after hospitalisation.

[https://www.business-standard.com/industry/news/home-healthcare-services-industry-in-india-expanding-beyond-tier-1-cities-124010200632\\_1.html](https://www.business-standard.com/industry/news/home-healthcare-services-industry-in-india-expanding-beyond-tier-1-cities-124010200632_1.html)

### 'Over 15% of medicines made by small companies are of poor quality'

More than 15% of medicines produced by small companies in India failed to meet quality standards compared with the national average of about 2%, says a government report on a recent survey. In the government's latest risk-based inspections of micro, small and medium enterprises (MSMEs), which have been on since December 2022, of the 271 samples analysed, 41 (15.1%) were declared to be not of standard quality (NSQ), says the report, which has been reviewed by ET. The Central Drugs Standard Control Organisation (CDSCO), along with state drug inspectors, has been carrying out inspections as part of a nationwide crackdown on spurious and substandard drugs.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/healthcare/over-15-of-medicines-made-by-small-companies-are-of-poor-quality/articleshow/106494600.cms>

### External

### Govt eases norms for shifting of used IT hardware goods to tariff areas

The government has relaxed curbs for shifting of used IT hardware goods like laptops and desktops by a company in special economic zones (SEZs) to outside these duty free-enclaves or domestic tariff areas. SEZs are treated as deemed foreign territory for customs laws and bringing goods from these zones into the domestic tariff area (DTA) or domestic market is tantamount to imports. In general, a company from DTA needs a licence for imports of these goods from SEZs. Easing these curbs, Directorate General of Foreign Trade (DGFT) in a notification has said that used IT assets (laptops, desktops, monitors, printers) can be moved from SEZ by a company to DTA without a license for the purposes of further use in their DTA operations "only".

[https://www.business-standard.com/economy/news/govt-eases-norms-for-shifting-of-used-it-hardware-goods-to-tariff-areas-124010200172\\_1.html](https://www.business-standard.com/economy/news/govt-eases-norms-for-shifting-of-used-it-hardware-goods-to-tariff-areas-124010200172_1.html)

### Everyone wants to do an FTA with India: GTRI report

Countries ranging from large economies like Europe, and the UK to smaller ones, including Oman and Peru, want to have a free trade agreement with India due to the country's large and rapidly growing market, a report by economic think tank GTRI said. The Global Trade Research Initiative (GTRI) said that by implementing a trade deal (FTA) with India, countries can access the Indian market with less or no import duties on substantial trade. This gives their companies an advantage over others in selling to the Indian market. Additionally, since India currently does most of its importing (over 75 per cent) from countries it does not have FTAs with, these agreements are particularly appealing as they offer a significant new market opportunity in India.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/everyone-wants-to-do-an-fta-with-india-gtri-report/articleshow/106486792.cms>

### India-Bangladesh trade down in pre-election season

The India-Bangladesh bilateral trade, already strained by economic headwinds during the year, has dampened in some land ports due to the upcoming general elections in the neighbouring country, exporters said on Tuesday. Bangladesh is set to hold its 12th general election on January 7 and the pre-election atmosphere has cast a shadow on the cross-border trade. Indian exports to Bangladesh between April and October 2023 declined by 13.32 per cent, while imports saw a marginally smaller 2.3 per cent dip, according to data from the Department of Commerce.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-bangladesh-trade-down-in-pre-election-season/articleshow/106487271.cms>

### India dials Saudi as Russian oil purchases hit 11-month low in December

India increased imports of Saudi oil in December as payment problems drove its Russian oil buys to an 11-month low, with at least five cargoes of the sweet Sokol variant heading to other locations, data from vessel tracking agencies showed. Indian Oil Corp, which was set to get the Sokol oil, had to withdraw from its inventory and buy from the Middle East to make up the shortfall, sources told Reuters last month. Top refiner IOC is the only state-run firm with an annual deal to buy a variety of Russian grades, including Sokol, from Russian oil major Rosneft. India's oil imports from Russia in December declined between 16% and 22%, according to Reuters calculation on the basis of data from flow tracking agencies Vortexa, Kpler and LSEG.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-dials-saudi-as-russian-oil-purchases-hit-11-month-low-in-december/articleshow/106486736.cms>

**Mechanism to monitor steel, aluminium products export at concessional rates to US in the making**

Ministries of mines, steel and the department for promotion of industry and internal trade (DPIIT) will set up an internal mechanism to monitor the export of steel and aluminium products at concessional duties to the US, an official said. Indian exports of these products were earlier attracting additional duties in the US, as Washington, in 2018, imposed a 25 per cent import duty on steel products and 10 per cent on certain aluminium products on grounds of national security. In retaliation, India in June 2019, imposed additional customs duties on 28 American products. The US is now allowing these imports from India without paying the extra 25 per cent and 10 per cent duties in return for New Delhi's decision to remove retaliatory duties on eight American products like apple and walnut.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/mechanism-to-monitor-steel-aluminium-products-export-at-concessional-rates-to-us-in-the-making/articleshow/106472220.cms>