



January 10, 2024 – Wednesday

Economy

World Bank keeps India's FY25 GDP growth estimate unchanged at 6.4%

The World Bank on Tuesday kept its FY25 economic growth projection for India unchanged at 6.4 per cent, mainly on account of strong domestic demand, rising public infrastructure spending and strong private-sector credit growth. However, it projected that the private consumption growth might taper off due to high food inflation and diminishing pent-up demand. In its biannual 'Global Economic Prospects' report, the World Bank said India was likely to maintain the fastest growth rate among the world's largest economies, but its post-pandemic recovery was expected to slow, with estimated growth of 6.3 per cent in FY24, before recovering gradually to 6.5 per cent in FY26.

https://www.business-standard.com/economy/news/world-bank-keeps-india-s-gdp-growth-projection-unchanged-at-6-4-for-fy25-124010901108_1.html

Indian economy likely to grow at 6.2% next fiscal: UBS India report

The Indian economy is likely to grow at 6.2 per cent in the next fiscal, mainly due to the favourable combination of neutral policy settings, positive credit momentum, and manageable macros amid a 15-year high household debt levels, a foreign brokerage report said on Tuesday. Despite the rising external headwinds, India is likely to grow 6.2 per cent next fiscal against a consensus of 6.3 per cent to USD 3.9 trillion from USD 3.57 trillion in FY24 on a likely 7 per cent growth, as consumption growth is likely to stabilise at 4.7 per cent from 4.5 per cent in FY24, Tanvee Gupta-Jain, the UBS India chief economist, said in a note.

<https://economictimes.indiatimes.com/news/economy/indicators/indian-economy-likely-to-grow-at-6-2-next-fiscal-report/articleshow/106675541.cms>

Retail inflation likely picked up to 5.87% in December on rising food costs

India's retail inflation likely edged up in December on higher food prices but stayed within the Reserve Bank of India's target range for a fourth consecutive month, according to a Reuters poll of economists. Food prices, which account for about half of the inflation basket, rose in November and remained elevated last month, largely led by vegetable prices and household staples. Inflation, measured by the annual change in the consumer price index (CPI), rose to 5.87 per cent in December from 5.55 per cent in November, according to the median view from the Jan.5-9 Reuters poll of 56 economists.

https://www.business-standard.com/economy/news/fueled-by-increasing-food-prices-inflation-in-dec-accelerates-to-5-87-124010900737_1.html

Banking and Finance

States continue to pay high coupon on debt at 7.72 pc

The weighted average rates of state debt continued to remain at an over two-year high of 7.72 per cent at the second weekly auction of the quarter on Tuesday, making it the highest so far this fiscal. Accordingly, the spread between 10-year state bonds and benchmark G-sec yield also remained firm at 54 bps, with both inching up by 1 bps from the previous week, according to a note by Icra Ratings' chief economist Aditi Nayar. Nine states raised Rs 19,300 crore from the market selling government securities, which was 34 per cent lower than the amount indicated for

this week in the auction calendar. Despite lower supply, the weighted average cut-off inched up to 7.72 per cent, which is the highest so far in FY24 from 7.71 per cent last week.

<https://economictimes.indiatimes.com/news/economy/finance/states-continue-to-pay-high-coupon-on-debt-at-7-72-pc/articleshow/106674506.cms>

States lag Centre in capex push so far in FY24: CAG-Bank of Baroda data

States have been lagging behind the Centre in capex push so far in the financial year 2023-24 (FY24). During the April-November period, while the Centre has spent 58.5 per cent of its Rs 10 trillion capex target for FY24, 26 states cumulatively have spent 45 per cent of the Rs 7 trillion target, according to analysis of Comptroller and Auditor General of India (CAG) data by the Bank of Baroda economists. "The states this year have tended to lag the Centre. Clearly, there is a longer distance to be covered by these states," Bank of Baroda said in its report.

https://www.business-standard.com/finance/news/states-lag-the-centre-in-capex-push-so-far-in-fy24-shows-govt-data-124010901001_1.html

Securitisation volumes on path to cross ₹2-lakh crore in FY24: CARE

The securitisation market is expected to touch a record of ₹2-lakh crore in FY24 led by significant expansion in credit growth, which is expected to boost securitisation volumes in Q4 FY24, according to CARE Ratings.

Quarterly securitisation market volume has remained in the range of ₹42,000-45,000 crore so far in the three quarters of FY24, with total securitisation volumes reaching ₹1.01-lakh crore in H1 FY24, excluding erstwhile HDFC.

<https://www.thehindubusinessline.com/money-and-banking/securitisation-volumes-on-path-to-cross-2-lakh-crore-in-fy24-care/article67724023.ece>

Industry

Electric vehicle sales jumps 49% to 1.52 million units in 2023: Fada

Electric vehicle sales in India jumped 49.25 per cent year-on-year to 15,29,947 units in 2023, according to a data released by the Federation of Automobile Dealers' Association (FADA) on Tuesday. The EV industry had recorded a total sales of 10,25,063 units in 2022, as per the data. The two-wheeler sales grew 36.09 per cent to 8,59,376 units in the just-concluded year against 6,31,464 units in 2022, it said. The e-three-wheeler sales volumes surged 65.23 per cent year-on-year to 5,82,793 units from 3,52,710 units sold in 2022.

https://www.business-standard.com/industry/auto/electric-vehicle-sales-jumps-49-to-1-52-million-units-in-2023-fada-124010901062_1.html

Cement sales expected to moderate, improved realisation forecast for Q3 due to lower costs

Cement sales volume growth is expected to moderate in the December quarter due to subdued demand in rural and housing segments, besides other regional headwinds such as elections in four states, heavy floods in the southern states and construction bans in the northern states. The sales volume of top cement companies is expected to grow seven per cent in the December quarter with the industry capacity utilisation remaining stagnant at last year's level of 80 per cent due to fresh capacity addition. However, operating margins will improve due to lower costs and price hikes in select markets.

<https://www.thehindubusinessline.com/economy/cement-sales-expected-to-moderate-improved-realisation-forecast-for-q3-due-to-lower-costs/article67723352.ece>

93% feel tax sops relevant for ESG: PwC India survey report

According to the PwC India survey report on tax transparency in ESG released on Tuesday, 93% of the corporate respondents surveyed believe tax incentives are relevant or very relevant for the adoption of ESG practices and nearly 60% believe that there is a need for policy makers to incentivise ESG practices. 86% agree that preserving the environment will be a key focus area where companies would like to invest if they receive tax incentives. There is also significant interest in using tax incentives for inclusion and diversity initiatives (54%) and addressing social vulnerability (37%) The report titled 'Tax transparency in ESG: Insights into Indian businesses and their sustainable practices' is based on a market survey of nearly 250 tax heads, sustainability leaders, CFOs & CXOs of Indian businesses conducted between April and July 2023. It analyses how Indian businesses are weaving tax considerations into their overarching ESG framework and to assess their awareness and perception in this regard.

<https://economictimes.indiatimes.com/news/company/corporate-trends/93-feel-tax-sops-relevant-for-esg-pwc-india-survey-report/articleshow/106677114.cms>

Dial M for margins: Chinese phone companies offer higher share to retailers

Chinese smartphone brands have started offering higher retailer and distributor margins than their rivals, heating up competition in the Indian handset market amid increased government scrutiny. For instance, Xiaomi and Realme doubled their margins to 8-11% in the fourth quarter of 2023 from 4% earlier, overtaking Apple and Samsung which offer 8-10% margins, while Oppo and Vivo have maintained the festival season margins of 16-18%, retailers and industry executives told ET. The higher margins come when the combined market share of the top Chinese handset players has slipped to 73% in Q3 compared with 74% a year ago, according to Counterpoint Research.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/dial-m-for-margins-chinese-phone-companies-offer-higher-share-to-retailers/articleshow/106676869.cms>

Volatility in gold prices is impacting jewellery sales, say industry executives

The volatility in gold prices over the last fortnight is impacting the jewellery sales, industry executives said. Surendra Mehta, national secretary of India Bullion & Jewellers Association said "People are on a wait and watch mode. They are waiting the price to stabilise. Unless that happens the market sentiment will remain lull."

<https://economictimes.indiatimes.com/industry/cons-products/fashion/-/cosmetics/-/jewellery/volatility-in-gold-prices-is-impacting-jewellery-sales-say-industry-executives/articleshow/106672062.cms>

Spiritual tourism growth comes as a boon for travel companies

The spiritual tourism segment in India grew by 35-40% year-on-year in 2023, according to estimates provided by travel majors, and it is expected to get a boost with the inauguration of the Ram temple in Ayodhya this month. Forward travel bookings and queries for Ayodhya are seeing a "strong" response, with flights for January 22 almost 80% booked, said an airline executive. Airline executives pointed out that for short haul travel, they were expecting about 15% late bookings primarily in the next five to seven days.

<https://economictimes.indiatimes.com/industry/services/travel/spiritual-tourism-growth-comes-as-a-boon-for-travel-companies/articleshow/106676909.cms>

Agriculture

Govt working on blueprint to cut use of water and fertilisers, improve soil quality

The government is working on a blueprint to reduce use of fertilizers, enhance soil quality by using organic products, diversify crops and minimise the use of water, nutrients and energy on farmlands as it focuses on scaling up agroecology in India under its Vision 2047. The idea, which is aimed at improving farm output and income, will also help India address the twin problems of a growing population that needs to be fed through higher and sustainable agricultural production while mitigating the impact of existing farm techniques on climate and soil health, a senior government official told ET on the condition of anonymity.

<https://economictimes.indiatimes.com/news/economy/agriculture/blueprint-in-works-to-cut-use-of-water-and-fertilisers-improve-soil-quality/articleshow/106676688.cms>

Rabi onion sowing falls by 10-15% in main producing regions

Sowing of rabi (winter) onions has fallen up to 20% in some main producing regions in Maharashtra and Karnataka till the first week of January. While there are a few days still left before the sowing window draws to a close, industry experts said there could be a 10-15% drop in the acreage of onion this season.

<https://economictimes.indiatimes.com/news/economy/agriculture/rabi-onion-sowing-falls-by-10-15-in-main-producing-regions/articleshow/106676142.cms>

Jeera prices halve after sowing increases on 2023 hopes, shows data

The price of kitchen essential jeera (cumin seeds) has almost halved from a high of about Rs 61,000 per quintal in September 2023 to about Rs 31,000 per quintal in January this year. Experts are saying the slump could be due to expectations of a bumper crop this year. Farmers had sown the crop in a larger area after prices hit multi-year highs

last year. Sowing in the two major jeera-growing states of Gujarat and Rajasthan crossed last year's level till December-end even as sowing continues.

https://www.business-standard.com/industry/agriculture/jeera-prices-halve-after-sowing-rises-on-2023-hopes-exports-drop-124010900944_1.html

Mustard output seen at record 13 MT

With record sowing this season, the production of mustard seed is likely to touch an all-time high of 13.14 million tonne (MT) in 2023-24 season, boosting domestic supplies of edible oils. This may force the government to review the import duty relief for edible oils like palm, soybean and sunflower. Last month, the import duty relief for the three edible oils was extended to March, 2025.

<https://www.financialexpress.com/policy/economy-mustard-output-seen-at-record-13-mt-3359111/>

Infrastructure

Govt to build 6,000 km of electric vehicle-ready highways on Golden Quadrilateral

The government is working on a plan to build electric vehicle-ready highways on the Golden Quadrilateral in a major effort towards reducing fuel consumption and vehicular emissions through electrification of intercity public transport. People in the know told ET that the Centre is looking to develop 6,000 km of these highways. This is planned over the next seven years to accelerate the adoption of e-mobility and support the deployment of e-buses across the country. These e-highways would be powered with green energy-enabled charging infrastructure. The programme is being envisaged as part of the proposed Vision 2030: PM Public Transport Sewa. "The development of electric highways is likely to happen simultaneously with induction of electric buses accelerating the establishment of an ecosystem for EVs in India," said one of the persons cited above.

<https://economictimes.indiatimes.com/news/economy/infrastructure/govt-to-build-6000-km-of-electric-vehicle-ready-highways-on-golden-quadrilateral/articleshow/106681034.cms>

PE investment in Indian real estate down 26% in Apr-Dec 23: Report

Private equity (PE) investments in Indian real estate fell by 26 per cent to \$2.65 billion in April-December 2023 (nine months of Financial Year 2023-24, 9M FY24) compared to \$3.6 billion the same time in FY23, said a report on Tuesday. Foreign investors have been subdued for most of FY24 due to global geopolitical uncertainties and high interest rates, according to Anarock Capital. PE investors preferred equity investments over debt. The share of equity was at 84 per cent.

https://www.business-standard.com/industry/news/pe-investment-in-indian-real-estate-down-26-in-apr-dec-23-report-124010900436_1.html

Housing demand in India projected to reach 93 million by 2036, says CREDAI- Liasis Foras report

The housing demand in India is projected to reach 93 million houses by 2036, said a report released by CREDAI in collaboration with Liasis Foras. This, it added, is primarily owing to the increase in demand in housing basis growth in key parameters including population in both urban and rural areas, healthy macro-economic indicators and favorable demographics, with several tier-II, -III cities projected to spearhead both demand and supply.

<https://www.financialexpress.com/business/industry-housing-demand-in-india-projected-to-reach-93-million-by-2036-says-credai-liasis-foras-report-3359689/>

Mumbai Trans Harbour Link to spark surge in Navi Mumbai real estate activity

The Mumbai Trans Harbour Link (MTHL), the country's longest sea bridge, is expected to bolster the Navi Mumbai property markets as the connectivity and further infrastructure development is likely to result in surge in real estate activity, demand and prices. Prime minister Narendra Modi will be inaugurating the 21.8-km-long MTHL on Friday and this bridge is estimated to cater to around 70,000 vehicles daily, connecting Sewri in central Mumbai to Chirle at Navi Mumbai. The bridge is poised to transform the everyday travel experience for commuters from south and central Mumbai, reducing the current two-hour travel duration to just 20 minutes. The improved connectivity is likely to spur commercial and business activities in Navi Mumbai.

<https://economictimes.indiatimes.com/industry/services/property/-/construction/mumbai-trans-harbour-link-to-spark-surge-in-navi-mumbai-real-estate-activity/articleshow/106674976.cms>

Energy

Energy conundrum: Govt to double coal production despite climate goals

As climate diplomats at COP28 in Dubai debated an agreement to transition away from fossil fuels last December, India was facing another energy conundrum: It needed to build more power capacity, fast. "To meet growing demand," the Indian government said on Dec. 11 it expects to roughly double coal production, reaching 1.5 billion tons by 2030. Later, the power minister Raj Kumar Singh set out plans on Dec. 22 to add 88 gigawatts of thermal power plants by 2032. The vast majority of which will burn coal.

https://www.business-standard.com/economy/news/energy-conundrum-govt-to-double-coal-production-despite-climate-goals-124010900719_1.html

Proposed tariff regulations support new power-sector investments: S&P

The proposed power-tariff review regulations for the five-year tariff period starting FY25 support new power-sector investments and credit profiles of entities in the sector, S&P Global Ratings said on Tuesday. The assured regulated returns with full cost pass-through continue as the Central Electricity Regulatory Commission in the draft tariff regulations kept the return on equity for thermal units unchanged at 15.5%. "We anticipate only slight changes to credit metrics versus those assumed under the previous five-year control period" the ratings agency said.

<https://economictimes.indiatimes.com/industry/energy/power/proposed-tariff-regulations-support-new-power-sector-investments-sp/articleshow/106664823.cms>

Indian refiners set to ask for extra Saudi oil after sharp price cut

Two Indian state refiners are seeking to boost imports of Saudi crude oil after the kingdom cut the official selling price of its key export grade for February to the lowest in 27 months, company sources said. Indian Oil Corp, the country's top refiner, and Bharat Petroleum Corp, are looking at lifting an additional 1 million barrels of oil each from Saudi Aramco in February, the sources said.

<https://economictimes.indiatimes.com/industry/energy/oil-gas/indian-refiners-set-to-ask-for-extra-saudi-oil-after-sharp-price-cut/articleshow/106668153.cms>

Telecom

Telecom department blocks 1,500 rogue local, overseas callers linked to cybercrimes and threats

The Department of Telecommunications (DoT) is suo motu blocking overseas and local phone numbers, which fraudsters and anti-national elements are using to commit cybercrimes and issue threats, without waiting for approval from either the Intelligence Bureau (IB) or the police, officials aware of the matter told ET. "In the last three-four days, over 1,500 callers, including international numbers, have been blocked by the government after checking the credentials of such calls from telecom operators," said one of the officials cited. While criminal investigations by security agencies will continue, miscreants won't be allowed to misuse telecom resources, the officials said.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/telecom-department-blocks-1500-rogue-local-overseas-callers-linked-to-cybercrimes-and-threats/articleshow/106680584.cms>

Healthcare

Indian pharma market grows over 9 per cent in December

The Indian pharmaceutical market has shown robust value growth of 9.2% with major therapies recording a double-digit increase in December. Among the top therapies, cardiac, anti-infectives and neuro/central nervous system have shown a relatively stronger volume growth last month, according to data from research firm PharmaTrac. Antibiotic drug Augmentin and anti-diabetes Glycomet GP continued to be the top-selling medicine brands. "For December, the market has definitely shown very good and encouraging value growth. All the three growth levers - new introductions, price and volume - are positive for the month," said Sheetal Sapale, vice president-commercial at PharmaTrack.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals/indian-pharma-market-grows-over-9-per-cent-in-december/articleshow/106676842.cms>

External

Commerce ministry sets up task force to resolve trade issues for exporters

The commerce ministry has set up a task force to identify and resolve trade barriers being faced by exporters in other countries, a move which would help provide greater market access to domestic goods, an official said. The development assumes significance as many times India's exports suffer from these barriers such as time taking prior registration requirements and unreasonable domestic standards/rules in many countries.

https://www.business-standard.com/industry/news/commerce-ministry-sets-up-task-force-to-resolve-trade-issues-for-exporters-124010900336_1.html

India & Sri Lanka discuss early launch of UPI payment system

Colombo, Six months after it was announced by the prime ministers of both countries, India has discussed the early launch of the UPI payment system with Sri Lanka and reiterated its support in the cash-strapped island nation's debt restructuring process. In July 2023, Prime Minister Narendra Modi and Sri Lanka President Ranil Wickremesinghe signed an agreement on Unified Payments Interface (UPI) acceptance in Sri Lanka during Wickremesinghe's two-day visit to India. The latest discussion took place on Monday during a meeting between the High Commissioner of India Santosh Jha with the Governor of the Central Bank of Sri Lanka (CBSL), Dr Nandalal Weerasinghe.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-sri-lanka-discuss-early-launch-of-upi-payment-system/articleshow/106675618.cms>

India, UK next round of talks for free trade agreement from Wed

The next round of talks for the proposed Free Trade Agreement (FTA) between India and the UK will start here from Wednesday to resolve remaining issues and conclude the negotiations, an official said. The 13th round of negotiations for the proposed pact was held between September 18 and December 15. "The UK and India will continue to negotiate towards a comprehensive and ambitious FTA. The 14th round of negotiations will take place here from Wednesday," the official said.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-uk-next-round-of-talks-for-free-trade-agreement-from-wed/articleshow/106673245.cms>

Indian coffee exports set to surge thanks to global price rally

India's coffee exports are likely to rise as much as 10% in 2024 as a rally in global prices prompts European buyers to pay premiums in order to increase purchases from the country, industry officials told Reuters. The South Asian country - famous as a tea producer - is also the world's eighth-largest coffee grower, mainly churning out the robusta beans used to make instant coffee. It also produces some of the more expensive arabica variety. "The demand for Indian coffee, particularly robusta beans, is strong due to firm global prices resulting from production issues," said Ramesh Rajah, president of the Coffee Exporters' Association of India, predicting a rise in exports this year of up to 10%.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/indian-coffee-exports-set-to-surge-thanks-to-global-price-rally/articleshow/106665750.cms>

Indian companies took on larger forex risk in 2023 counting on RBI support

Indian importers and exporters left a bigger portion of their foreign currency exposures unhedged in 2023, relying on the Reserve Bank of India (RBI) holding the rupee in a narrow range. Forward contracts purchased by importers to hedge future foreign currency payments dropped 14.5% on-year in 2023, while hedging by exporters declined 12.5%, according to Reuters' calculations based on data from Clearing Corp of India.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/indian-companies-took-on-larger-forex-risk-in-2023-counting-on-rbi-support/articleshow/106661667.cms>

India Inc concerned about CBAM's impact on supply chain: PwC study

Carbon taxes in various jurisdictions are likely to impact their supply chain, 67 per cent of the respondents surveyed in PwC's tax transparency in ESG study said. The study said carbon taxes, such as the EU's Carbon Border Adjustment Mechanism (CBAM), will require companies to proactively assess their implications across different jurisdictions, including potential cost increases, compliance requirements, and shifts in consumer behaviour.

https://www.business-standard.com/economy/news/india-inc-concerned-about-cbam-s-impact-on-supply-chain-pwc-study-124010900919_1.html