



January 24, 2024 – Wednesday

Economy

Red Sea disruptions likely to dent India's growth forecast, says Fitch

Amid rising hostilities in the Red Sea due to Houthi attacks, Fitch Group said South Asian economies would be most affected. They will experience the largest relative increase in maritime trade distance, shipping time, and costs as the crucial trade route remains inaccessible. It added that India's economic forecast faces a significant risk in the event of a prolonged spell of disruptions. "If Red Sea disruptions were to persist, the resulting downward revisions to our India and Bangladesh forecasts will probably be significant and would dent our 4.0 per cent growth forecast for Asia in 2024," BMI, a unit of Fitch Group, said in its commentary.

https://www.business-standard.com/economy/news/red-sea-disruptions-likely-to-dent-india-s-growth-forecast-says-fitch-124012200804_1.html

Global cos at WEF view India as attractive investment spot: DPIIT secy

India was viewed favourably by major global corporations attending the recently concluded World Economic Forum (WEF) meet at Davos (Switzerland), a top government official has said. Secretary in the Department for Promotion of Industry and Internal Trade (DPIIT) Rajesh Kumar Singh, who was part of the Indian delegation to WEF, also said that he met several CEOs at Davos and discussed ways to facilitate investments in the country.

https://www.business-standard.com/companies/news/global-cos-at-wef-view-india-as-attractive-investment-spot-dpiit-secy-124012300533_1.html

Banking and Finance

Tax-GDP ratio rises to 15-year high of 6.11% during FY23, shows data

The share of direct taxes in gross domestic product (GDP) rose to a 15-year high of 6.11 per cent during 2022-23 (FY23), but their buoyancy fell to 1.18 from 2.52 in the previous year, according to official data released on Tuesday. This means that while the tax-to-GDP ratio registered a record high during FY23 since 2008-09, the economic growth at current prices could not result in as high a rise in direct tax collections during the year as witnessed during 2021-22 (FY22).

https://www.business-standard.com/economy/news/tax-gdp-ratio-rises-to-a-15-year-high-of-6-11-during-fy23-shows-data-124012300963_1.html

Commercial paper rates harden amid tight liquidity in January, shows data

Yields on commercial papers hardened by 10-30 basis points (bps) across tenures in January as the liquidity deficit in the banking system widened, said market participants. The rate impact was sharper for non-banking finance companies. Commercial papers issued by non-banking finance companies witnessed an uptick of 20 bps for 6-month, and 12-month periods, while the yield on 3-month, and 1-month papers experienced a more significant rise of 30 bps. Three month commercial papers are the most traded papers in the market.

https://www.business-standard.com/economy/news/commercial-paper-rates-harden-amid-tight-liquidity-in-january-shows-data-124012301041_1.html

ITR filing doubles to 77.8 million in 10 years

The number of individuals filing income-tax returns more than doubled in the past 10 years to 77.8 million in 2022-23, helping direct tax-to-GDP ratio to climb to 6.11% from 5.62% during the same period, official data released on Tuesday showed. The cost of tax collection fell to 0.51% of total collection in 2022-23 from 0.57% of total collection in 2013-14. It was as high as 1.36% of the total collections in 2000-01 but has steadily declined over the years, mainly on account of use of technology.

<https://economictimes.indiatimes.com/news/economy/indicators/itr-filing-doubles-to-77-8-million-in-10-years/articleshow/107092465.cms>

Industry

Cement industry to add 150-160 million tonnes capacity by FY28: CRISIL

To cash in on rising demand from infrastructure and housing sectors, the cement industry is on course to add capacity by 150-160 million tonnes from FY25 to FY28, a report said on Tuesday. In the past five fiscals, the industry has added capacity by 119 million tonnes (MT) per annum to reach a total of 595 MT now, according to a Crisil Ratings report.

https://www.business-standard.com/industry/news/cement-industry-to-add-150-160-million-tonnes-capacity-by-fy28-crisil-124012300455_1.html

Meity to seeks govt nod for India AI program entailing Rs 10,000 cr: MoS IT

The Ministry of Electronics and IT (Meity) will seek cabinet approval for the India AI program, which includes the setting up of GPU-based servers in public-private partnership mode with an outlay of over Rs 10,000 crore, Minister of Electronics and IT Rajeesh Chandrasekhar said on Tuesday. Working groups formed by the government on Artificial Intelligence (AI) on Friday recommended setting up a three-tier compute infrastructure comprising 24,500 Graphics Processing Units (GPUs).

https://www.business-standard.com/industry/news/meity-to-seeks-govt-nod-for-india-ai-program-entailing-rs-10-000-cr-mos-it-124012300733_1.html

Passenger vehicle segment to see record 18-20% growth in FY24: Report

The Passenger Vehicles (PV) segment volumes are expected to log a record 18-20 per cent growth this fiscal as the pent-up demand levels off amid hike in vehicle prices, CareEdge said in a report on Tuesday. It also projected the PV sales volume to continue this growth momentum in the next fiscal, driven by factors such as strong order book and improvement in supply chain, the credit ratings agency said.

https://www.business-standard.com/industry/auto/passenger-vehicle-segment-to-see-record-18-20-growth-in-fy24-report-124012300509_1.html

Retailers go easy on expansion as slowing consumption bites

India's top retailers have significantly slowed down their store expansion this fiscal year, after opening a record number of outlets last year, their latest investor disclosures show. The top five retail chains - Reliance Retail, Titan Company, Avenue Supermarts that owns DMart, V-Mart Retail and Shoppers Stop - together opened 44% fewer stores in the first three quarters through December compared with a year earlier. Reliance Retail opened 1,276 new stores between April and December compared with 2,376 in the same period last year. Tata-owned Titan Company opened 239 outlets across brands including the Tanishq jewellery stores, down from 359 stores, while Avenue Supermarts opened 17 new DMart stores against 22 a year earlier.

<https://economictimes.indiatimes.com/industry/services/retail/retailers-go-easy-on-expansion-as-slowng-consumption-bites/articleshow/107092663.cms>

Govt asks companies to cut cooking oil prices

The government has asked cooking oil companies to reduce prices of their products in line with the fall in international rates, according to an association of solvent extractors, but manufacturers said an immediate reduction may not be possible. Industry executives said a reduction in retail prices may not be possible till March, when mustard crop harvest begins. "The ministry of consumer affair has expressed that the MRP on oils like soyabean, sunflower and palm oil have not been reduced to the extent of decrease in international prices," said Ajay

Jhunjhunwala, president of Solvent Extractors' Association of India, in a letter addressed to association members on Tuesday.

<https://economictimes.indiatimes.com/news/economy/policy/govt-asks-companies-to-cut-cooking-oil-prices/articleshow/107092390.cms>

Agriculture

ISMA demands diversion of additional 1-1.2 mn tonnes sugar to make ethanol

Indian Sugar Mills Association (ISMA) on Tuesday said it has requested the government to permit diversion of additional 10-12 lakh tonnes of sugar for ethanol production in the current season, amid reports of higher output. The government has capped sugar diversion for ethanol making at 17 lakh tonnes for the current 2023-24 season (October-September) in view of likely fall in sugar production due to drought in parts of Maharashtra and Karnataka.

https://www.business-standard.com/industry/news/isma-demands-diversion-of-additional-1-1-2-mn-tonnes-sugar-to-make-ethanol-124012300393_1.html

Infrastructure

Govt to develop 200 ropeway projects worth Rs 1.25 lakh crore in five years: Nitin Gadkari

Union minister Nitin Gadkari said the government will develop 200 ropeway projects at a cost of Rs 1.25 lakh crore in coming five years under the National Ropeways Development Programme, "Parvatmala Pariyojana". Addressing a 'Ropeway: Symposium-Cum-Exhibition' on Tuesday, Gadkari called for developing ropeways as part of the urban rapid transport system to decongest our cities and reduce pollution as well as the travel time. "Our foremost priority should be to make ropeways economically viable by bringing down the overall project cost and encourage public private partnership to develop the ropeway network in the country," he said.

<https://economictimes.indiatimes.com/news/economy/infrastructure/govt-plans-to-increase-number-of-projs-under-parvatmala-pariyojana-to-400-says-nitin-gadkari/articleshow/107085348.cms>

Cost overrun ratio rises to a three-month high in December: MoSPI

The ratio of cost overrun in central government infrastructure projects rose to a three-month high of 18.65% in December, according to data released by the government, Tuesday. The anticipated completion cost at Rs 30.7 lakh crore was higher than the original cost of Rs 25.9 lakh crore for 1,820 projects each worth Rs 150 crore and above. The rise in cost overruns was also accompanied by a rise in the number of delayed projects. The ratio of delayed projects rose to 46.6% in December compared with 46.1% in the previous month. Of the 848 projects delayed in December, another 198 reported additional delays.

<https://economictimes.indiatimes.com/news/economy/finance/cost-overrun-ratio-rises-to-a-three-month-high-in-december-mospi/articleshow/107085614.cms>

Delhi's big-ticket property deals come to standstill

Bulge-bracket property transactions, ranging from Rs 50 crore to as high as Rs 300 crore, are affected in Delhi as the Land and Development Office (L&DO) in the Union housing and urban affairs ministry takes its time with conversion of leasehold properties into freehold. According to industry experts, as many as 100 such transactions are on hold. Some of the owners who especially come to India during this time of the year to sell off these rare properties, are stuck due to the delay.

<https://economictimes.indiatimes.com/industry/services/property/-/cstruction/delhis-big-ticket-property-deals-come-to-standstill/articleshow/107099166.cms>

Energy

Coal production to touch 1 bn tonnes for first time: Union minister Joshi

Union Minister for Coal and Mines Pralhad Joshi on Tuesday said for the first time, the country's coal production is going to cross 1 billion tonne. India is going to stop the import of substitutable coal from next year, Joshi said at the

second State Mining Ministers' Conference here. The union minister said there are going to be many difficulties in the coming days as the country will have to do gasification of coal.

https://www.business-standard.com/industry/news/coal-production-to-touch-1-bn-tonnes-for-first-time-union-minister-joshi-124012300703_1.html

Government's green energy push: 198 plants set up, 556 under construction, boosting agri-waste utilisation

The government on Tuesday said that 198 green energy plants had been set up so far this fiscal, which includes 12 Compressed Biogas (CBG) plants and 186 biogas plants, while 556 plants -- 129 CBG and 427 biogas -- are under construction. This is a big push to the cow dung and other wastes generated in the agriculture and allied sectors to get higher value in the market and help raise farmers' income.

<https://www.thehindubusinessline.com/economy/agri-business/governments-green-energy-push-198-plants-set-up-556-under-construction-boosting-agri-waste-utilisation/article67769917.ece>

Telecom

DoT slashes auction target, but revenue receipts to be robust

The Department of Telecommunications (DoT) has sharply lowered the spectrum auction revenue target for FY24 to a modest Rs 500 crore from Rs 5,000 crore estimated earlier, officials aware of the details told ET. The department, though, still expects to generate Rs85,000 crore in revenue receipts this fiscal, the officials said. They added that the upcoming auction, which the DoT is looking to hold in March, will only draw a few bids from Bharti Airtel and Vodafone Idea (Vi) for renewing their airwaves, and the total sale could fetch around Rs 2,000-Rs 3,000 crore, of the nearly Rs1 lakh crore worth of airwaves that would be up for sale. This would mark a sharp decline from the record Rs 1.5 lakh crore that the government raked in from the last 5G auction in August 2022.

<https://economictimes.indiatimes.com/industry/telecom/telecom-policy/dot-slashes-auction-target-but-revenue-receipts-to-be-robust/articleshow/107092848.cms>

States

TN looking at 70 per cent conversion rate of MoUs signed, Minister Rajaa

"I am looking at converting at least 70 per cent of the MoUs that we have done. Nobody does 15-25 per cent," said Tamil Nadu's Industries Minister TRB Rajaa. On Tuesday, the State government signed an MoU with the US-based Corning International involving an investment of ₹1,003 crore and will generate employment opportunities for 840 individuals. At the end of two days of Tamil Nadu Global Investors Meet (GIM) 2024 held on January 7 and 8, Chief Minister MK Stalin announced the State attracted record investments of ₹6.64-lakh crore. More than 26 lakh jobs are expected to be generated from these investments, he said.

<https://www.thehindubusinessline.com/news/tn-looking-at-70-per-cent-conversion-rate-of-mous-signed-minister-rajaa/article67768965.ece>

Healthcare

Indian hospital industry: Cost attractiveness and under-penetration

Credit rating agency ICRA has released a research report on Indian hospital industry. Despite India being one of the most attractive destinations due to relatively low medical treatment costs, it remains one of the most under-penetrated and under-invested markets in the world.

<https://www.thehindubusinessline.com/opinion/columns/statistalk/indian-hospital-industry-cost-attractiveness-and-under-penetration/article67769166.ece>

External

Govt raises import duty on gold, silver jewellery findings to 15% from 11%

The Finance Ministry has hiked import duties on gold and silver findings and coins of precious metals to 15 per cent from the existing 10 per cent. Import duty on gold and silver findings and coins of precious metals will now be 15 per cent. This includes Basic Custom Duty (BCD) of 10 per cent and 5 per cent of AIDC (Agriculture Infrastructure

Development Cess), an official notification said. This is exempt from Social Welfare Surcharge (SWC). Gold or silver findings are a small component such as a hook, pin, screw that holds the whole or a part of a piece of jewellery in place.

https://www.business-standard.com/economy/news/govt-raises-import-duty-on-gold-silver-jewellery-findings-to-15-from-11-124012300296_1.html

India's sunflower oil imports to falter as Red Sea attacks lift freight costs

India's sunflower oil imports are set to decline in coming months as a rally in prices, driven by a surge in freight rates, is prompting buyers to shift to rival vegetable oils available at a discount, traders told Reuters. The world's biggest sunflower oil buyer typically sources most of its imports from the Black Sea region via the Red Sea. However, recent Houthi attacks have compelled shipping companies to reroute trade between Europe and Asia around Africa, increasing time and costs. The elevated freight rates have lifted the landed cost of sunflower oil above that of soyoil in India for the first time in nearly a year, said Sandeep Bajoria, CEO of Sunvin Group, a vegetable oil brokerage.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/indias-sunoil-imports-to-falter-as-red-sea-attacks-lift-freight-costs/articleshow/107083130.cms>

Consensus on finding solution on food security issue at WTO meet next month difficult: GTRI

Reaching an agreement on food stockpile issue at the WTO meet next month is difficult as both developed and developing countries have diverse views on the matter, economic think tank GTRI said on Tuesday. The Global Trade Research Initiative (GTRI) said that developed countries like the US argue that India's programme could distort trade. The issue will figure in the 13th ministerial conference (MC 13) at Abu Dhabi from February 26-29. MC is the highest decision making body of the 164-member Geneva-based global trade body WTO. "MC13 might not resolve the issue, showing the conflict between developing countries wanting to protect food security and developed countries pushing for free trade," the GTRI said in its report.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/consensus-on-finding-solution-on-food-security-issue-at-wto-meet-next-month-difficult-gtri/articleshow/107085623.cms>