



January 29, 2024 – Monday

## Economy

### Govt may go for big hike in PM-Kisan payout and a housing & jobs push

Economists expect some significant announcements on February 1 even though it's an interim budget, since the exercise comes just ahead of the general elections, an ET poll showed. The government will likely increase the amount of money transferred under its flagship direct benefit transfer scheme - Pradhan Mantri Kisan Samman Nidhi or PM-Kisan - by about 50% to ₹9,000 per year from the current ₹6,000, said some of the economists polled. A new iteration of the housing scheme and a push for jobs is also expected in the upcoming interim budget, the ET poll of economists indicated. Six of the 10 economists polled by ET say higher allocation for PM-Kisan is one of the three social sector interventions expected.

<https://economictimes.indiatimes.com/news/economy/policy/budget-2024-govt-may-go-for-a-big-hike-in-pm-kisan-payout-and-a-housing-jobs-push/articleshow/107213398.cms>

## Banking and Finance

### AIFs reject early exit pleas from banks, plan for 'defaults'

Hurt by new rules, the alternative investment funds (AIFs) in India have turned down 'early exit' requests from banks and finance companies, and are now exploring ways to deal with these investors as they default on 'capital calls' from funds. Will AIFs impose a penalty on banks and non-banking finance companies (NBFCs) which, following the Reserve Bank of India's recent dos and don'ts, fall short of their original commitments to the funds? Will a fund forfeit the amount already invested? Or, will funds simply cap the investment with contributions made so far, make an exception for banks and NBFCs caught in the new regulations, and move on to preserve relationships with these large investors?

<https://economictimes.indiatimes.com/industry/banking/finance/banking/aifs-reject-early-exit-pleas-from-banks-plan-for-defaults/articleshow/107210365.cms>

### Govt may prune FY25 fiscal gap target to 5.3-5.4% on slower capex

North Block is expected to lower its fiscal deficit target meaningfully in FY25, in line with the post-Covid consolidation roadmap, but the Centre's gross debt sales will likely remain at this FY's record levels despite New Delhi expectedly slowing the pace of investments in capital assets. A slower pace of capital expenditure - after three years of a firm push in that area - may give the Centre the room to bring its fiscal deficit target down by 50-60 basis points to a range of 5.3-5.4% of GDP in FY25 from 5.9% pencilled in this year. One basis point is a hundredth of a percentage point.

<https://economictimes.indiatimes.com/news/economy/finance/govt-may-prune-fy25-fiscal-gap-target-to-5-3-5-4-on-slower-capex/articleshow/107209955.cms>

### State revenue grows 5% till Nov against 17.4 budgeted for FY24: Report

The growth rate of the combined revenue receipts of the 16 largest states has fallen by almost 80 per cent to 5 per cent during April-November from the budgeted 17.4 per cent for the current fiscal, according to a report. The states

have so far borrowed over 37 per cent more than they did last fiscal and given these poor numbers, they will have to borrow heavily this fiscal to service their debt and pay salaries and pensions.

[https://www.business-standard.com/economy/news/state-revenue-grows-5-till-nov-against-17-4-budgeted-for-fy24-report-124012800199\\_1.html](https://www.business-standard.com/economy/news/state-revenue-grows-5-till-nov-against-17-4-budgeted-for-fy24-report-124012800199_1.html)

## Industry

### **Auto companies seek continued push to green mobility, infrastructure development**

The government needs to continue with favourable policies to promote green mobility while also focussing on infrastructure development at a robust pace in the upcoming Budget, according to some leading firms in the automobile space. The Union government is all set to present the interim budget on February 1. "We expect capex on infrastructural projects to continue, aiding the automotive sector. The policy push for green mobility should remain a key focus for the government, encouraging faster adoption of electric vehicles," Mercedes-Benz India MD and CEO Santosh Iyer said.

<https://economictimes.indiatimes.com/industry/auto/auto-news/budget-2024-expectations-auto-companies-seek-continued-push-to-green-mobility-infrastructure-development/articleshow/107200096.cms>

### **Input cost pressures high, but better volumes likely in Q4: JSW Steel CEO**

The recent rise in prices of iron ore and coking coal will lead to some cost pressures in the current quarter for JSW Steel, but higher volumes sequentially and firm global steel prices should help the company offset some of this pressure, its chief executive officer Jayant Acharya said. The country's largest producer of steel posted a five-fold surge in its consolidated net profit for the December quarter year on year, aided by volume growth in India and stronger performance of its international subsidiaries. While the company has trimmed its capital expenditure guidance for FY24 by Rs 2,000 crore, or 10%, this will not impact its expansion plans, Acharya told ET in an interview. Edited excerpts:

<https://economictimes.indiatimes.com/industry/indl-goods/svs/steel/input-cost-pressures-high-but-better-volumes-likely-in-q4-jsw-steel-ceo/articleshow/107210250.cms>

## Infrastructure

### **As many as 431 infrastructure projects show cost overrun of Rs 4.82 lakh crore in December**

As many as 431 infrastructure projects, each entailing an investment of Rs 150 crore or more, were hit by cost overrun of more than Rs 4.82 lakh crore in December 2023, an official report stated. According to the Ministry of Statistics and Programme Implementation (MoSPI), which monitors infrastructure projects worth Rs 150 crore and above, out of 1,820 projects, 431 reported cost overrun and 848 projects were delayed. "Total original cost of implementation of the 1,820 projects was Rs 25,87,066.08 crore and their anticipated completion cost is likely to be Rs 30,69,595.88 crore, which reflects overall cost overruns of Rs 4,82,529.80 crore (18.65 per cent of original cost)," the ministry's latest report for December 2023 said.

<https://economictimes.indiatimes.com/news/economy/infrastructure/as-many-as-431-infrastructure-projects-show-cost-overrun-of-rs-4-82-lakh-crore-in-december/articleshow/107199310.cms>

### **Global and domestic companies jostle for warehousing space in India**

The warehousing and logistics sector in India is experiencing an explosion in demand and supply. Some of the biggest global names in the sector and private equity giants are battling it out as they seek to gain and consolidate their presence by establishing industrial parks and hubs across the country.

<https://www.thehindubusinessline.com/news/real-estate/global-and-domestic-companies-jostle-for-warehousing-space-in-india/article67786103.ece>

### **Avg flat size expands 11% in 2023, demand rises for bigger homes: Anarock**

Builders are constructing bigger homes to meet consumers' demand as the average size of flats rose 11 per cent last year across seven major cities, according to Anarock. Real estate consultant Anarock has analysed the fresh supply of housing units during 2023 across the primary residential market of seven major cities. The data showed that average flat sizes in the top 7 cities rose to 1,300 square feet last year from 1,175 square feet in 2022. In the Mumbai

Metropolitan Region (MMR) and Kolkata, the average size of apartments fell, but it grew in Delhi-NCR, Bengaluru, Hyderabad, Pune and Chennai in 2023. The average size stood at 1,050 square feet in 2019, 1,167 sq ft in 2020, and 1,170 sq ft in 2021.

[https://www.business-standard.com/industry/news/avg-flat-size-expands-11-in-2023-demand-rises-for-bigger-homes-anarock-124012800183\\_1.html](https://www.business-standard.com/industry/news/avg-flat-size-expands-11-in-2023-demand-rises-for-bigger-homes-anarock-124012800183_1.html)

### **Indian companies look to cash in on bulging infrastructure order book**

Investments worth more than Rs 80 trillion are expected in roads, railways and urban infrastructure between now and FY30 and the supply chains helping to build this core infrastructure are also readying to cash in on the growth. In the first half of the current financial year, orders worth more than Rs 2.6 trillion were tendered in the roads and railways segment alone, according to data sourced from ICRA Ratings and Research.

[https://www.business-standard.com/industry/news/firms-look-to-cash-in-on-india-s-bulging-transport-infra-orderbook-124012800357\\_1.html](https://www.business-standard.com/industry/news/firms-look-to-cash-in-on-india-s-bulging-transport-infra-orderbook-124012800357_1.html)

## **Energy**

### **India's natural gas demand is expected to rise 6% in 2024, says IEA**

India's natural gas demand is expected to rise by 6 per cent in 2024 with a rise in consumption in fertiliser units, power generation and industrial sectors, according to the International Energy Agency (IEA). Following the 7 per cent year-on-year decline observed in 2022, India's primary gas supply rose by 5 per cent in 2023, with growth primarily driven by the petrochemical, power generation, refinery and industrial sectors.

[https://www.business-standard.com/industry/news/india-s-natural-gas-demand-is-expected-to-rise-6-in-2024-says-iea-124012800290\\_1.html](https://www.business-standard.com/industry/news/india-s-natural-gas-demand-is-expected-to-rise-6-in-2024-says-iea-124012800290_1.html)

## **Healthcare**

### **Prices of essential medicines likely to remain unchanged in 2024**

Consumers are in for relief this year with prices of drugs in the National List of Essential Medicines (NLEM) likely to remain unchanged due to a minuscule change in the wholesale price index (WPI). This would come after the price hikes allowed (in line with a change in WPI) in the previous two years were 12.12 per cent (2023) and 10.7 per cent (2022) respectively. The prices of drugs in the NLEM are capped by the National Pharmaceutical Pricing Authority (NPPA), and the annual price change allowed in this category is determined by the change in WPI over the last year.

[https://www.business-standard.com/health/relief-for-consumers-as-prices-of-essential-medicines-unlikely-to-rise-124012800346\\_1.html](https://www.business-standard.com/health/relief-for-consumers-as-prices-of-essential-medicines-unlikely-to-rise-124012800346_1.html)

### **Pharma companies seek one-time nod to delink from WPI, avert price cuts**

India's pharmaceutical industry is seeking a one-time exemption from the price control measure that would force them to lower their rates in line with drop in the wholesale price index (WPI). The WPI has been showing a declining trend. Under the Drug Price Control Order (DPCO) 2013, the prices of scheduled drugs are revised in line with the WPI of the previous calendar year. As a corollary, drug manufacturers are required to cut their prices if there is a decline in the annual WPI. On the other hand, manufacturers who do not come under price control order are allowed to increase the maximum retail price of medicines by 10% annually.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals/pharma-cos-seek-one-time-nod-to-delink-from-wpi-avert-price-cuts/articleshow/107209902.cms>

## **External**

### **Electronics, engineering goods among six focus sectors for \$1 trillion exports target**

India has identified electronics, engineering goods, textiles, marine & agriculture, toys and pharmaceuticals as the six sectors that could help the country achieve almost 70% of its \$1-trillion goods export target by FY30. As per a study by the commerce and industry ministry, these sectors could clock around \$670 billion of exports by 2029-30. India's goods exports in FY23 were \$451.07 billion. "While toys may not be as large an export sector like engineering or electronics, they have seen remarkable growth," said a government official.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/electronics-engineering-goods-among-six-focus-sectors-for-1-trillion-exports-target/articleshow/107210108.cms>

#### **Government, industry to discuss trade regime of sensitive goods, tech on January 30**

Industry leaders, top government officials and international experts will on January 30 discuss India's export control systems for sensitive goods and technologies, the government said Sunday. The commerce and industry ministry along with external affairs ministry and other government agencies is organising the National Conference on Strategic Trade Controls (NCSTC), focusing on India's trade control for certain dual-use goods-which have both industrial and military uses- software and technologies, called Special Chemicals, Organisms, Materials, Equipment and Technologies (SCOMET).

<https://economictimes.indiatimes.com/news/economy/foreign-trade/government-industry-to-discuss-trade-regime-of-sensitive-goods-tech-on-january-30/articleshow/107207265.cms>

#### **US sanctions on Russian oil shipments a worry for Indian refiners**

Fresh US sanctions on Russian shipping companies threaten to hurt supplies of oil this year to Moscow's second-biggest customer — Indian refiners. Enhanced sanctions enforcement by western powers will eventually increase procurement costs and reduce the appeal of discounted Russian crude, which accounts for a third of India's oil imports, industry officials said. For now, Indian oil companies are staring at uncertainty after Washington placed Dubai-based shipping operators Sun Ship Management and Hennessea Holdings under fresh sanctions. These are over violating the \$60 a barrel price-cap rule imposed by the G-7 in December 2022, industry officials said.

[https://www.business-standard.com/economy/news/fresh-us-sanctions-on-russian-oil-shipments-a-worry-for-indian-refiners-124012800457\\_1.html](https://www.business-standard.com/economy/news/fresh-us-sanctions-on-russian-oil-shipments-a-worry-for-indian-refiners-124012800457_1.html)

#### **Taking the lead: Rupee best-performing Asian currency so far in January**

After an extremely stable 2023, the Indian rupee started 2024 on a promising note and has turned out to be the best-performing Asian currency so far in January, appreciating 0.1 per cent despite 2 per cent rise in the dollar index. All other Asian currencies depreciated by around 1.4-4 per cent during the month. The local currency regained its ground against the greenback on the back of foreign portfolio inflows, said market participants.

[https://www.business-standard.com/finance/news/rupee-best-performing-asian-currency-in-january-on-back-of-fpi-inflows-124012800257\\_1.html](https://www.business-standard.com/finance/news/rupee-best-performing-asian-currency-in-january-on-back-of-fpi-inflows-124012800257_1.html)

#### **Longer disruptions at Red Sea trade route may hurt auto, electronics production: GTRI**

Longer disruptions at the crucial Red Sea trade route may hurt manufacturing lines of some sectors like electronics, automobiles, chemicals, consumer goods and machinery, economic think tank GTRI said on Sunday. The Global Trade Research Initiative (GTRI) said companies relying on just-in-time manufacturing processes can be particularly vulnerable as they maintain low inventory levels and depend on the timely arrival of components and finished products. Few industries where production will be impacted due to disruptions in global value chains include electronics, automotive, machinery, chemicals, pharmaceuticals, plastics, textiles, and consumer goods, it added. Components and finished products are often shipped through the Suez Canal to reach different markets, and disruptions can lead to delays in manufacturing and increased costs, it said.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/longer-disruptions-at-red-sea-trade-route-may-hurt-auto-electronics-production-gtri/articleshow/107205066.cms>

#### **Exports from Kolkata port may be hit due to soaring freight rate, rice ban, geopolitical turmoil**

Exports from Kolkata port, a gateway to eastern India, are facing several challenges including, geopolitical tension, a government-imposed rice export ban and skyrocketing ocean freight costs, which could lead to a slowdown in trade activities, officials said on Sunday. Key export items, like engineering goods, shrimp, and rice, have been impacted in recent weeks, they said. Freight charges, especially for West Coast destinations, have surged by 30-50 per cent since December last year due to the escalating conflict in the Red Sea, they said. Most of the major shipping liners are "rerouting vessels around the Cape of Good Hope to avoid the Red Sea, causing significant delays of 14-20 days," one of the officials said.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/exports-from-kolkata-port-may-be-hit-due-to-soaring-freight-rate-rice-ban-geopolitical-turmoil/articleshow/107204709.cms>