



February 22, 2024 – Thursday

Key Developments

Govt eases FDI norms in space sector; 100% in satellites components

The government on Wednesday eased Foreign Direct Investment (FDI) norms in the space sector by allowing 100 per cent overseas investment in making components for satellites, as part of efforts to attract overseas players and private companies into the segment. The decision was taken at the Cabinet meeting chaired by Prime Minister Narendra Modi.

https://www.business-standard.com/industry/news/govt-eases-fdi-norms-in-space-sector-100-in-satellites-components-124022101243_1.html

Economy

MRSI rolls out new socio-economic classification system

The Market Research Society of India (MRSI) has rolled out a new socio-economic classification framework called the Indian Socio-Economic Classification (ISEC), which will replace the New Consumer Classification System (NCCS) introduced in 2011. Unlike NCCS which only factored the education of the chief earner and the presence of certain consumer durable items in the household, MRSI's ISEC takes on a more advanced approach by including the occupation of chief earner, education of the highest educated male adult as well as education of highest educated female adult. MRSI Director General Mitali Chowhan said ISEC, unlike any previous classification system, considers women's education as a key definer of social capital, an attribute that is highly pertinent in the current day.

<https://economictimes.indiatimes.com/news/economy/indicators/mrsi-rolls-out-new-socio-economic-classification-system/articleshow/107889137.cms>

Digital public infra contributes 0.9% to GDP, to triple by 2030: Nasscom

Digital public infrastructures like Aadhaar, UPI and FASTag generated a value of USD 31.8 billion in 2022, contributing 0.9 per cent to India's GDP, and the contribution is projected to increase 2.9-4.2 per cent by 2030, industry body Nasscom said in a report. The Nasscom-Arthur D. Little report titled 'Digital Public Infrastructure of India - Accelerating India's Digital Inclusion' said that Indian DPIs' foundational layers are based on transparency and trust, which promotes paperless transactions, reduces bureaucracy, and advances the concept of digital identity and document management.

https://www.business-standard.com/economy/news/digital-public-infra-contributes-0-9-to-gdp-to-triple-by-2030-nasscom-124022100508_1.html

GDP growth to moderate sequentially to 6% in Q3 FY2024, projects ICRA

Rating agency ICRA on Wednesday projected GDP growth to moderate sequentially to 6 per cent in the third quarter of FY24 from 7.6 per cent in the preceding three months mainly due to subdued performance of agriculture and industrial sectors. Further, it said the GVA (Gross Value Added) growth is estimated to ease to 6 per cent in the October-December quarter FY24 from 7.4 per cent in the second quarter of the last fiscal.

https://www.business-standard.com/economy/news/gdp-growth-to-moderate-sequentially-to-6-in-q3-fy2024-projects-icra-124022100715_1.html

Rural-urban wage gap narrows in manufacturing; greater mobility, MNREGA factors

Greater mobility, higher payouts under rural employment schemes, and lower urban wage elasticity are bringing parity between urban and rural manufacturing units, according to experts. An ET analysis of recently released Annual Survey of Industries data found that the gap between average urban and rural worker wage narrowed to 1.05 in FY22 from 1.18 in FY15. "Mobility towards urban areas has led to depressed wages in their industries. Meanwhile, the National Rural Employment Guarantee Scheme (NREGS) works as a floor for rural wages, raising the cost of labour in these areas," said Satyaki Roy, associate professor, Institute for Studies in Industrial Development.

<https://economictimes.indiatimes.com/news/economy/indicators/rural-urban-wage-gap-narrows-in-manufacturing-greater-mobility-mnrega-factors/articleshow/107885652.cms>

PFRDA eases business processes with simplified trustee appointments

In a bid to further enhance the ease of doing business and reduce compliance, the Pension Fund Regulatory and Development Authority (PFRDA) notified amendments made in the National Pension System (NPS) Trust Regulations and the Pension Fund Regulations on Wednesday. The latest amendments in the NPS Trust Regulations simplify the provisions related to the appointment of trustees, their terms and conditions, the holding of meetings of the board of trustees, and the appointment of chief executive officers.

https://www.business-standard.com/finance/news/pfrda-eases-business-processes-with-simplified-trustee-appointments-124022100945_1.html

Banking and Finance

Plans afoot to digitalise KYC, curb illegal online lending

The Financial Stability and Development Council (FSDC), headed by union finance minister Nirmala Sitharaman decided on Wednesday to firm up a strategy to simplify and digitalise the KYC (know-your-customer) process in the financial sector and take more steps to curb unauthorised lending through online applications. The move comes close on the heels of the RBI imposing restrictions on Paytm Payments Bank Ltd (PPBL) reportedly for the entity's failure to comply with KYC norms and money laundering concerns, among others.

<https://economictimes.indiatimes.com/news/economy/policy/plans-afoot-to-digitalise-kyc-curb-illegal-online-lending/articleshow/107892764.cms>

RBI to meet banks to examine grey areas in overseas investment rules

The Reserve Bank of India (RBI) will meet banks to sort out the grey areas in overseas investment (OI) regulations which have stalled the plans of several wealthy Indians, business families, and startups from taking exposures to foreign securities, funds and companies. Can a resident individual subscribe to an 'unregulated' fund in Singapore? Can a local startup buy into a fintech firm abroad? Is a high-net-worth (HNI) individual barred from holding fixed deposits in an offshore bank? Will an Indian company holding a minority stake, but having no 'control', in a foreign company have to walk the extra mile on compliance? Besides, clearing the fog on such matters would help individuals and companies avoid any violation of the Foreign Exchange Management Act (FEMA).

<https://economictimes.indiatimes.com/news/economy/policy/rbi-to-meet-banks-to-examine-grey-areas-in-overseas-investment-rules/articleshow/107892386.cms>

Liquidity deficit tightening financial conditions: CRISIL

Financial conditions have tightened the economy with liquidity going into a deeper deficit putting upward pressure on short-term rates, according to a research report by CRISIL Market Intelligence and Analytics. The report released during the month also said that foreign portfolio investors turned net sellers further aggravating the tight liquidity conditions. With tightening of the liquidity, the transmission of interest rates improved across lending and deposit rates in January. However, the cumulative rise in most deposit and lending rates remained lower than the 250 basis points of repo rate increase by the RBI since May 2022, the report said.

<https://economictimes.indiatimes.com/news/economy/finance/liquidity-deficit-tightening-financial-conditions-crisil/articleshow/107885846.cms>

ICAI to suggest ways to improve country's tax to GDP ratio, says Agarwal

Chartered accountants' apex body ICAI will provide suggestions to the government on increasing the tax to GDP ratio as well as on green finance. At a briefing in the national capital on Wednesday, ICAI President Ranjeet Kumar Agarwal said the tax to GDP ratio should improve for the country to become a developed economy by 2047.

https://www.business-standard.com/economy/news/icai-to-suggest-ways-to-improve-country-s-tax-to-gdp-ratio-says-agarwal-124022100351_1.html

IRRDAI to introduce collaterals for reinsurance transactions with CBRs

The Insurance Regulatory and Development Authority (Irdai) is planning to introduce collaterals for reinsurance transactions with Cross Border Reinsurers (CBR). The proposed guidelines given in an exposure draft will be applicable for all the reinsurance placements with CBRs by cedants or insurers from India, for reinsurance programmes from FY25-26 onwards. Reinsurers are considered key capital management tools that play a crucial role in risk management for insurance companies and against this backdrop, the practice of maintaining collaterals will not only aid in protecting the interest of the policyholders and insurers but also in fostering confidence in the market, attracting reinsurers for promoting a healthy and robust insurance ecosystem.

https://www.business-standard.com/finance/insurance/irdai-to-introduce-collaterals-for-reinsurance-transactions-with-cbrs-124022100369_1.html

Fintech personal loan disbursal up from 1.1 mn to 41.6 mn in 5 years: FACE

Personal loans disbursed by fintech companies have seen a steady increase since 2018, a report by Fintech Association for Consumer Empowerment (FACE) shows. The volume of personal loans disbursed by fintech companies increased from 1.1 million in first six months of financial year 2018-19 (H1 FY19) to 41.6 million in first six months of financial year 2023-24 (H1 FY24). Similarly, the value of loans has increased from Rs 5,907 crore to Rs 40,845 crore during the same time.

https://www.business-standard.com/industry/news/fintech-personal-loan-disbursal-up-from-1-1-mn-to-41-6-mn-in-5-years-face-124022100691_1.html

Industry

Higher wage costs, lower price realisation add to tea companies' woes

Higher wage cost and lower price realisation weighed on the performance of tea companies in the three and nine-month periods ended December 31. Both West Bengal and Assam hiked wage rates from June and October 2023, respectively. Moreover, tea prices took a hit in 2023. This showed up on the financial performance of tea players.

For the nine months of FY24, most companies reported a sharp drop in profitability. In Q3FY24, at least two listed tea producers, Goodricke Group and Dhunseri Tea reported losses. For McLeod Russel, the loss widened in Q3FY24 compared to Q3FY23. ICRA senior vice-president Jayanta Roy said wage is the primary cost driver for the tea industry.

https://www.business-standard.com/industry/news/higher-wage-costs-lower-price-realisation-add-to-tea-companies-woes-124022100352_1.html

Policy stability important for semiconductor industry to flourish: Micron

US chip giant Micron, which is investing up to \$825 million in setting up a semiconductor chip assembly and testing plant in India, said that certainty of policy is crucial for this industry to flourish. Manish Bhatia, executive vice-president (EVP), global operations, Micron, said policy stability is a huge driving factor for attracting companies to India and in creating an export market ecosystem. "Certainty of policy is one of the advantages that India has over many other developing countries that are vying for some of these big manufacturing investments. This helps in creating an export-capable market not just for manufacturers, but others in the value chain also. These include suppliers, customers, suppliers of specialty materials, specialty chemical services, engineering, support, and design services, among others," said Bhatia. He was speaking at the Nasscom Technology Leadership Forum.

https://www.business-standard.com/industry/news/policy-stability-important-for-semiconductor-industry-to-flourish-micron-124022100812_1.html

Agriculture

Govt allows Nafed, NCCF to sell maize to ethanol makers at base rate of Rs 2,291/quintal

To ensure uninterrupted supply of maize for ethanol makers, the government has allowed cooperatives Nafed and NCCF to sell maize at a base price of Rs 2,291 per quintal to distilleries this year. Nafed and National Cooperative Consumers' Federation of India (NCCF) will procure maize at a minimum support price of Rs 2,090 per quintal in the 2023-24 crop year and supply to the distilleries at a mutually agreed rate of Rs 2,291 per quintal, a senior food ministry official told PTI. The move aims to ensure distilleries get uninterrupted supply of the feedstock for ethanol production, the official said. The country's maize production is pegged at 22.48 million tonne for the 2023-24 crop year (July-June), as per the first advance estimate of the agriculture ministry.

<https://economictimes.indiatimes.com/news/economy/agriculture/govt-allows-nafed-nccf-to-sell-maize-to-ethanol-makers-at-base-rate-of-rs-2291/quintal/articleshow/107889065.cms>

Cabinet approves hike in sugarcane FRP by Rs 25 to Rs 340 per quintal for 2024-25 season

The government on Wednesday decided to hike the minimum price that mills have to pay to sugarcane growers by Rs 25 to Rs 340 per quintal for the 2024-25 season starting October. This is the highest Fair and Remunerative Price (FRP) for sugarcane announced by the Prime Minister Narendra Modi-led government since coming to power in 2014. In terms of quantum, this is the second time that the Modi government has increased the FRP by Rs 25 per quintal in one go. The decision to increase the FRP was taken at the meeting of the Cabinet Committee on Economic Affairs (CCEA) chaired by Prime Minister Narendra Modi. It also comes ahead of the general elections.

<https://economictimes.indiatimes.com/news/economy/agriculture/cabinet-approves-hike-in-sugarcane-frp-by-rs-25-to-rs-340-per-quintal-for-2024-25-season/articleshow/107892484.cms>

Union Cabinet expands National Livelihood Mission with new subsidy provisions

The National Livelihood Mission (NLM) will now have more activities as the Union Cabinet on Wednesday decided to modify the scheme. According to a government statement, the scheme will now have a 50% capital subsidy provision. Up to 50 lakhs will be provided to the individuals, FPO, SHG, JLG, FCO and Section 8 companies to establish horse donkey, mule, and camel entrepreneurship. Also, the state government will assist with the breed conservation of horses, donkeys, and camels. The Central Government will provide ₹10 crore to establish semen stations and nucleus breeding farms for horses, donkeys and camels.

<https://www.thehindubusinessline.com/economy/agri-business/union-cabinet-expands-national-livelihood-mission-with-new-subsidy-provisions/article67872324.ece>

Infrastructure

Road contract awards in India hit decade-low in 2023-24, significantly below target

Award of road contracts fell to its lowest level in a decade in 2023-24 and is way behind the target for the current fiscal, official data showed. It comes in the backdrop of the Centre's resolve that no new liability is to be created under the Bharatmala Pariyojana Phase -I. Data from the road transport and highways ministry showed that 3,481 km of road contracts had been awarded till January this year, against the targeted 13,290 km for this fiscal. The average monthly road contracts awarded in this fiscal is 300 km so far. "Revised estimate of Bharatmala is pending with the cabinet for approval in the absence of which no new contracts are being awarded by the National Highways Authority of India (NHAI)," a senior government official told ET on condition of anonymity, adding that only work under national highways (original) is being carried out.

<https://economictimes.indiatimes.com/industry/transportation/roadways/road-contract-awards-in-india-hit-decade-low-in-2023-24-significantly-below-target/articleshow/107892610.cms>

PM Awas Yojana: More than 29.5 m rural houses will be built by March

The Narendra Modi-led government will have constructed more than 37 million rural houses by March, against about 32 million under the erstwhile Indira Awas Yojana in 29 years, a senior government functionary said on Wednesday, highlighting the government's rural push.

<https://economictimes.indiatimes.com/industry/services/property/-/cstruction/pm-awas-yojana-more-than-29-5-m-rural-houses-will-be-built-by-march/articleshow/107892769.cms>

'Demographics in India provide optimal condition for low-cost carriers'

India's unique demographics have created an optimal environment for the development of new local Low Cost Carriers (LCCs) that are likely to deploy both wide- and narrow-body aircraft to cope with demand on domestic routes, an aviation sector expert here said. "Travellers will look for lower cost options and this will help LCCs grow much faster than the more premium Full-Service Carriers (FSCs) in India," says Joshua Ng, a director at the Singapore-based Alton Aviation Consultancy on Wednesday.

https://www.business-standard.com/industry/news/unique-demographics-provide-optimal-environment-for-low-cost-carriers-in-india-expert-124022100676_1.html

Energy

PM Modi to dedicate to nation 2 reactors at Kakrapar Atomic Power Station in Surat on Thursday

Prime Minister Narendra Modi will dedicate to the nation two new Pressurised Heavy Water Reactors (PHWRs) with a cumulative capacity of 1,400 megawatt at Kakrapar Atomic Power Station (KAPS) in Surat district and inaugurate or lay the foundation stone of multiple projects during his day-long visit to Gujarat on Thursday, officials said on Wednesday. The new Unit 3 and Unit 4 at KAPS, each having capacity to produce 700 MW of electricity, were built by the Nuclear Power Corporation of India Ltd (NPCIL) at a cost of over Rs 22,500 crore and they are the largest indigenous PHWRs in the country, said a PIB release.

<https://economictimes.indiatimes.com/news/india/pm-modi-to-dedicate-to-nation-2-reactors-at-kakrapar-atomic-power-station-in-surat-on-thursday/articleshow/107891201.cms>

Coal India may exceed capex target of Rs 16,500 cr for FY24: Govt

The government on Wednesday said the state-owned Coal India Ltd (CIL) is likely to exceed its capex target of Rs 16,500 crore for the current financial year. Coal India accounts for over 80 per cent of domestic coal output. "As we navigate through the current fiscal year of 2023-24, both CIL and NLCIL are on track to exceed their capex targets yet again... both CIL and NLCIL will exceed their annual capex targets, further bolstering India's economic growth trajectory," the coal ministry said in a statement.

<https://www.financialexpress.com/business/industry-coal-india-may-exceed-capex-target-of-rs-16500-cr-for-fy24-govt-3401259/>

Don't allow manual entry of bids, power regulator tells exchanges

The Central Electricity Regulatory Commission has directed power exchanges to not allow any manual entry of bids on behalf of their members within or after trading hours. It has also ordered exchanges to not accept any bids after the trading hours. Taking a suo motu cognizance, it has ordered an audit of the processes as well as the software of the three power exchanges to review their operations for complying with the provisions of the Power Market Regulations 2021. No extension in the trading hours will be allowed, except in case of any constraint identified by the system operator, the power sector regulator said.

<https://economictimes.indiatimes.com/industry/energy/power/dont-allow-manual-entry-of-bids-power-regulator-tells-exchanges/articleshow/107892616.cms>

Healthcare

Indian drug firms look for new opportunities in Saudi Arabia pharma market

Indian drug firms are exploring opportunities in the Kingdom of Saudi Arabia (KSA), an \$8.9 billion pharmaceutical (pharma) market, as the latter is keen to procure more pharma products from India. "About three months ago, a delegation from KSA visited India and held stakeholder meetings. The KSA market has stringent regulatory authorities, and drug approvals take time. KSA is now interested in sourcing drugs made in US Food and Drug Administration (USFDA)-approved or other stringent regulatory body-approved plants in India," said Sudarshan Jain, secretary-general of the Indian Pharmaceutical Alliance (IPA), a pharma industry body.

https://www.business-standard.com/industry/news/saudi-arabia-prescribes-interest-in-indian-pharmaceutical-products-124022101241_1.html

External

India-Oman FTA may be reality soon; legal vetting of deal's text underway

India and Oman are close to finalising a trade agreement and officials from both sides have already started the process of legal vetting of text of the proposed free-trade agreement (FTA), two people aware of the matter said. "The trade deal is almost final. Legal scrubbing of the FTA text is already on," one of the persons cited above told Business Standard.

https://www.business-standard.com/economy/news/india-oman-close-to-finalising-trade-deal-fta-work-underway-officials-124022100669_1.html

India's lentil imports from Canada surge despite diplomatic strains

India's lentil imports from Canada more than doubled in 2023 despite diplomatic strains over the murder of a Sikh separatist leader, as a shortfall in production prompted the South Asian country to boost overseas purchases, government and industry officials told Reuters. Relations soured after Prime Minister Justin Trudeau last year said Canada was "actively pursuing credible allegations" that Indian agents were potentially linked to the June 2023 murder of Hardeep Singh Nijjar, a Canadian citizen.

https://www.business-standard.com/industry/news/india-s-lentil-imports-from-canada-surge-despite-diplomatic-strains-124022101073_1.html

India-EU have political will to conclude FTA: Secretary General

India and the European Union, both have the political will to conclude the Free Trade Agreement (FTA) and while no timeline can be put on the conclusion of the deal negotiations are progressing well, European External Action Service Secretary General Stefano Sannino told ET on Wednesday. "As we speak, the seventh round of negotiations is ongoing in New Delhi. It is an ambitious agreement and there are various elements to the FTA. While no timeline can be put as to when the FTA can be announced, I can say that there is a political will to conclude it," Sannino said in an exclusive chat on the sidelines of the Raisina Dialogue – India's premier foreign policy dialogue organised by the MEA and Observer Research Foundation (ORF).

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-eu-have-political-will-to-conclude-fta-secretary-general/articleshow/107896539.cms>

India to pip China as top member of World Trade Centers association

India is poised to overtake China as the largest member of the World Trade Centers Association (WTCA) in the next five years, its chairman said, underscoring a hitherto circumspect New Delhi's rapid global strides that neatly dovetail into a China-plus-one corporate sourcing strategy aimed at derisking supply chains across the planet. "I would say, particularly in the past 10 years, India's presence on the global stage has become increasingly pronounced," said John E. Drew, Chairman of the WTCA, an international trade platform that connects more than 300 WTCs in nearly 100 countries. "While India's growth trajectory has been ongoing, its recognition and active participation in major economic discussions alongside China, the US, Russia, and the EU signify its emergence as a significant player in the global economy," he said.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-to-pip-china-as-top-member-of-world-trade-centers-association/articleshow/107893102.cms>

Centre warns of price cap on tur dal imports

The Centre warned the industry that it may impose a price cap on imported tur dal to keep domestic prices in control as it is concerned about monopoly suppliers Myanmar and Mozambique. In a meeting held with the pulses industry and trade representatives on Monday, consumer affairs secretary Rohit Kumar Singh warned the industry of tough action. "The government is very upset about the strong bullish trend in tur prices. It is also concerned about the bullying by exporting countries like Myanmar and Mozambique," said an importer from Tamil Nadu, who did not wish to be identified.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/centre-warns-of-price-cap-on-tur-dal-imports/articleshow/107892870.cms>

Govt extends 20% export tax on parboiled rice until further order

The government of India on Wednesday extended the 20 per cent duty on export of parboiled rice beyond March 31. The government in August last year had imposed a 20 per cent duty on the export of parboiled rice, a move

aimed at maintaining adequate local stock and keep domestic prices under check. It was later extended till March 31, 2024. Besides, duty-free import of yellow peas, too, has been extended beyond March 31, subject to the condition that the bill of landing is issued on or before April 30, 2024.

<https://economictimes.indiatimes.com/news/economy/agriculture/india-extends-20-export-tax-on-parboiled-rice-until-further-order/articleshow/107891810.cms>