



September 11, 2024 – Wednesday

Economy

Mixed growth signals, India's FY25 GDP may slow to 6.7%: Nomura

Brokerage major Nomura Tuesday forecast India's gross domestic product (GDP) growth to soften to 6.7% in FY25, below the Reserve Bank of India's forecast of 7.2% and downside risks to its FY26 GDP forecast of 7.2% as growth signals are currently mixed. Catch-up in government spending and rural demand are positives, but softness in consumer discretionary demand, industrial demand and external demand are negatives, it said in a report.

<https://economictimes.indiatimes.com/news/economy/indicators/mixed-growth-signals-indias-fy25-gdp-may-slow-to-6-7-nomura/articleshow/113231442.cms>

Indian employers most bullish globally on Oct-Dec quarter hiring: Survey

Corporate India reported the strongest hiring sentiments globally for the next three months, with 37 per cent of employers planning to increase their staff strength as businesses are bullish about the country's economic position, a survey said on Tuesday. According to the ManpowerGroup Employment Outlook Survey Q4, 2024, of nearly 3,150 employers across sectors and regions, the Net Employment Outlook in India is the strongest worldwide at 37 per cent, followed by Costa Rica (36 per cent) and the US (34 per cent) in the second and third place respectively.

https://www.business-standard.com/industry/news/indian-employers-most-bullish-globally-on-oct-dec-quarter-hiring-survey-124091000476_1.html

Finance

Credit growth outpacing deposit growth could lead to liquidity challenges: FICCI-IBA Report

Credit growth is outpacing deposit growth, which could lead to liquidity challenges for the banking system, a report said on Tuesday. Raising deposits to keep pace with loan growth and keeping the credit cost low remains on the top of banks' agenda, a FICCI-IBA report said. "Term deposits have picked up pace as reported by the respondent banks due to higher/attractive rates. 80 per cent of the participating Public Sector Banks reported a decrease in share of CASA deposits during the first half of 2024 while over half the private sector bank respondents reported a decrease in CASA deposits," it said.

<https://economictimes.indiatimes.com/news/economy/indicators/credit-growth-outpacing-deposit-growth-could-lead-to-liquidity-challenges-report/articleshow/113226367.cms>

Govt aims to extend additional Rs 5 trn via credit guarantees in 2 years

The government aims to ramp up credit guarantees extended to micro and small enterprises through the CGTMSE scheme by another Rs 5 lakh crore in the next two years, a top official said on Tuesday. According to Rajneesh, Additional Secretary and Development Commissioner (Micro Small and Medium Enterprises), credit guarantees worth of Rs 4 lakh crore were extended in the last two years via the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE).

https://www.business-standard.com/finance/news/govt-aims-to-extend-additional-rs-5-trn-via-credit-guarantees-in-2-years-124091000878_1.html

Unified Lending Interface likely to move from Mint Road's hub to new entity

The Unified Lending Interface (ULI) may be taken out of the Reserve Bank Innovation Hub (RBIH) and housed in a separate utility with banks as stakeholders. "A new utility has to be created for ULI for it to become commercial. This cannot happen within the RBIH, a wholly-owned subsidiary of the central bank," said a senior official. Neither the Reserve Bank of India (RBI) nor its subsidiaries undertake commercial operations.

https://www.business-standard.com/economy/news/unified-lending-interface-likely-to-move-from-mint-road-s-hub-to-new-entity-124091001497_1.html

India committed to reduce budget deficit over medium term, says Fitch Ratings

Indian government is committed to reducing the budget deficit over the medium term even amid the demands that governing in coalition will impose on the newly elected administration and despite the government's sustained focus on supporting economic growth through higher public capex, Fitch Ratings said Tuesday. Fitch said India using the Reserve Bank of India (RBI) dividend to lower its fiscal deficit target for the fiscal year ending March 2025, reinforces its view that the country prefers fiscal consolidation over additional spending.

<https://economictimes.indiatimes.com/news/economy/indicators/india-committed-to-reduce-budget-deficit-over-medium-term-says-fitch-ratings/articleshow/113232779.cms>

Industry

No funding issue for semicon projects, committed Rs 62K cr incentive: Meity

The government has committed about Rs 62,000 crore in incentives for electronic plants and there is no issue in funding semiconductor projects, Electronics and IT Secretary S Krishnan has said. He told PTI that out of Rs 76,000 crore approved earlier, the government still has scope to accommodate small projects and will approach authorities when there are new projects in place.

https://www.business-standard.com/industry/news/no-funding-issue-for-semicon-projects-committed-rs-62k-cr-incentive-meity-124091000609_1.html

PM Modi assures predictable policy regime for semiconductor business

Prime Minister Narendra Modi assured CEOs of semiconductor industry that his government will follow a "predictable and stable" policy regime even as he emphasised that India has the wherewithal to become a reliable partner in the diversified semiconductor supply chain. Ahead of the Semicon India conclave, the prime minister chaired on Tuesday a Semiconductor Executives Roundtable in which he underlined that democracy and technology together can ensure the wellbeing of humanity. He gave assurances to the CEOs that India will provide a conducive environment for growth in the semiconductor sector.

<https://economictimes.indiatimes.com/news/economy/policy/pm-modi-assures-predictable-policy-regime-for-semiconductor-business/articleshow/113238064.cms>

Indian IT services industry to deliver 4-6% revenue growth in FY25: ICRA

The Indian IT services industry is likely to register a second consecutive year of muted revenue growth, estimated at 4-6 per cent in FY2025, but the operating profit margin is expected to be healthy, according to ICRA. The persisting challenges and tepid topline growth notwithstanding, ICRA has forecast the industry's operating profit margin (OPM) at a healthy about 22 per cent in FY2025, with attrition levels having declined considerably and seen stabilising over the near term.

https://www.business-standard.com/industry/news/indian-it-services-industry-to-deliver-4-6-revenue-growth-in-fy25-icra-124091000518_1.html

Gold jewellery retailers to report revenue growth by 22-25% this fiscal on higher volumes, sharp duty cuts

Organised gold jewellery retailers are expected to record a revenue growth of 22-25 per cent on-year this fiscal, which is 500-600 basis points (bps) more than the 17-19 per cent expected earlier, stated a report by CRISIL Ratings. The projection was corrected following the sharp reduction in import duty announced in the full Union Budget. The incremental growth, CRISIL added, will be driven by higher volumes even as retail gold prices come down from their lifetime highs.

<https://www.financialexpress.com/business/industry-gold-jewellery-retailers-to-report-revenue-growth-by-22-25-this-fiscal-on-higher-volumes-sharp-duty-cuts-3606547/>

Quick-commerce companies expand Tier-II ops ahead of festival season

After making the model work in metro cities, players in the quick commerce sector are rapidly expanding their footprint into smaller tier 2 cities and markets beyond that ahead of the festival season. This past week alone, Swiggy's quick delivery arm Instamart has entered six new cities, launching in a new market every 33 hours. The firm has entered 11 new cities over the past two months, including Thrissur, Mangalore, Kanpur, Udaipur, Warangal, Salem, Amritsar, Bhopal, Varanasi and Ludhiana. Instamart now operates in a total of 43 cities.

https://www.business-standard.com/industry/news/ahead-of-festive-season-quick-commerce-firms-push-into-tier-2-markets-124091001038_1.html

Govt working on policy framework for decarbonisation of steel sector

The Centre is working on developing a policy framework for formulating strategy, roadmap and action plan for decarbonisation of the steel sector, a top official said on Tuesday. Speaking at an event here steel secretary Sandeep Poundrik said, "The ministry of steel is working on developing a policy framework...while covering solutions ranging from minimisation to carbon avoidance to carbon utilisation." Towards this, the ministry has constituted 14 high-powered task forces to carry out discussions, deliberations and brainstorming on various enablers for decarbonisation, with the involvement of experts and the industry stakeholders.

https://www.business-standard.com/industry/news/govt-working-on-policy-framework-for-decarbonisation-of-steel-sector-124091000929_1.html

Agriculture

Likely rains during harvest may impact kharif yield

As sowing of kharif crops is about to be completed soon, overall sown area is marginally above last year, but concerns remain over excess rainfall in many pockets in western and southern India potentially damaging standing crops. Official sources, however, maintained that the overall production of kharif crops would be satisfactory.

<https://www.financialexpress.com/policy/economy-likely-rains-during-harvest-may-impact-kharif-yield-3606208/>

Regional rainfall deficits threaten agriculture despite improved monsoon performance: CareEdge report

According to CareEdge Ratings, despite an overall improvement in the performance of monsoon compared to last year, the agriculture sector continues to remain at risk due to regional disparities in rainfall. CareEdge Ratings report reveals that major agrarian regions, particularly in Northern India and the Gangetic plains, continue to experience significant deficits in rainfall. As of the last week of August, Kharif sowing is 97% complete. However, compared to recent years with normal monsoons (2021 and 2022), the sowing of pulses and some oilseeds has lagged, potentially adding to price pressures given their import dependence.

<https://economictimes.indiatimes.com/news/economy/agriculture/regional-rainfall-deficits-threaten-agriculture-despite-improved-monsoon-performance-careedge-report/articleshow/113227668.cms>

Infrastructure

Now pay toll tax only for distance travelled on national highways

The Ministry of Road Transport & Highways (MoRTH) on Tuesday notified amendments to the national highway (NH) toll collection system introducing GNSS-based (satellite-based) electronic toll collection, which will provide a seamless and barrier-free tolling experience.

<https://www.thehindubusinessline.com/economy/logistics/now-pay-toll-tax-only-for-distance-travelled-on-national-highways/article68626424.ece>

Energy

Scaling RE beyond 1,500 GW to face significant challenges, says study

India needs to install around 7,000 gigawatts (GW) of renewable energy capacity to achieve net-zero emissions by 2070 but deployment beyond 1,500 GW could face critical challenges, including climate risks, high land prices, land conflicts, and population density, according to a new study. The study by independent think tank Council on Energy, Environment and Water (CEEW) is the first of its kind to map India's renewable energy and green hydrogen potential by analysing the entire country's landmass and applying real-world constraints.

https://www.business-standard.com/industry/news/scaling-re-beyond-1-500-gw-to-face-significant-challenges-says-study-124091001104_1.html

Coal supply to power sector falls 5.4% to 58.07 mn tonnes in August

Coal supply to the power sector in August dropped 5.4 per cent to 58.07 million tonnes (MT) as compared to the year-ago period, according to an official statement on Tuesday. The supply of coal to the power sector was 61.43 MT in August of the previous fiscal year. "In August 2024, the supply to the power sector was 58.07 MT, slightly lower than the 61.43 MT recorded in August 2023," the coal ministry said in a statement. Coal supply to the power sector remains a key priority, the ministry said.

https://www.business-standard.com/industry/news/coal-supply-to-power-sector-falls-5-4-to-58-07-mn-tonnes-in-august-124091001199_1.html

Telecom

DoT eases process to issue licences for trial, demo, equipment approvals

The Department of Telecom has eased the process to issue licences for experimental, demonstration and equipment-type approvals to reduce delays and simplify regulatory requirements to promote innovation and streamline operations for businesses, an official statement said on Tuesday. The changes have been made based on the recommendations of the Telecom Regulatory Authority of India (TRAI) on ease of doing business and simplifying regulatory processes in the telecom sector.

https://www.business-standard.com/industry/news/dot-eases-process-to-issue-licences-for-trial-demo-equipment-approvals-124091001342_1.html

Telecom industry focus: Premiumisation drives revenue growth in Q1 as tariff hikes take a backseat

The telecom sector recorded Q1FY25 adjusted gross revenue (AGR) growth of 0.9 per cent sequentially and 7.5 per cent YoY to Rs 636 billion (per TRAI data) even with absence of any major tariff hikes. This, per a report by JM Financial, was driven primarily on account of telcos' continued premiumisation efforts, like MBB (mobile broadband) upgrades, prepaid-to-postpaid upgrades, data monetisation and international roaming. The growth was also aided by decent wireless subscriber (subs) growth (of 5 million) in Q1FY25.

<https://www.financialexpress.com/business/industry-telecom-industry-focus-premiumisation-drives-revenue-growth-in-q1-as-tariff-hikes-take-a-backseat-3606973/>

States

Telangana urges 16th Finance Commission to increase states' share in Central taxes to 50%

The Telangana Government on Tuesday requested the 16th Finance Commission to increase the share of states in Central taxes from the existing 41 per cent to 50 per cent as over the years cesses and surcharges that are not shared with states have increased. Deputy Chief Minister in-charge of Finance Bhatti Vikramarka in his speech at the meeting with Finance Commission Chairman Arvind Panagariya and members also urged the finance panel to ensure that states are given the necessary autonomy to tailor CSS (centrally-sponsored scheme) programmes to their specific development needs.

<https://economictimes.indiatimes.com/news/economy/finance/telangana-urges-16th-finance-commission-to-increase-states-share-in-central-taxes-to-50/articleshow/113219150.cms>

External

India backs Rules of Origin in auto sector under India, UK trade pact

India is insisting on strict adherence to the Rules of Origin' during free trade agreement (FTA) negotiations with the UK in the automobile sector, Commerce Secretary Sunil Barthwal on Tuesday said. He said that the 'Rules of Origin' have to be such that they do not impact the Indian automobile sector negatively. "FTA with the UK is in the pipeline...we are negotiating. We are also very keen to see that not only do we open up the automobile market, but we also see that we do not unduly lose the level playing field vis-a-vis the UK.

https://www.business-standard.com/economy/news/india-backs-rules-of-origin-in-auto-sector-under-india-uk-trade-pact-124091001158_1.html

India open to do business with China, but terms must be looked into: EAM S Jaishankar

India is not closed to doing business with China, External Affairs Minister S. Jaishankar said Tuesday, but pointed out that the issue was in which sector and on what terms. He was speaking at Berlin at the annual ambassador's conference of Germany. Jaishankar said China was the second-largest economy in the world and was a premium manufacturer. "We are not closed to business from China... There is nobody who can say I will not do business with China. I think the issue is which sectors do you do business in and on what terms you do business. It is far more complicated than a black and white binary answer," he added.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-open-to-do-business-with-china-but-terms-must-be-looked-into-eam-s-jaishankar/articleshow/113237369.cms>

Unilateral carbon, digital measures create trade tensions: WTO

Uncoordinated unilateral approaches to address the digital economy and the low-carbon transition can create potential distortions and trade tensions, the World Trade Organization (WTO) has said. In its World Trade Report 2024, it cautioned that fragmentation or the unwinding of trading relationships and the recourse to unilateral, rather than multilateral, policies – presents a "major risk to progress in reducing poverty and inequality and particularly affects vulnerable groups, such as low-income households, women and MSMEs".

<https://economictimes.indiatimes.com/news/economy/foreign-trade/unilateral-carbon-digital-measures-create-trade-tensions-wto/articleshow/113223417.cms>

April-June spices exports marginally down at \$1.15 billion on dip in chilli shipments

A 29 per cent decline in shipments of chillies has pulled down overall spices exports by some one per cent to \$1.152 billion during the April-June quarter over corresponding last year, offsetting growth in other varieties such as cumin and turmeric. During April-June 2023, spices exports were \$1.164 billion

<https://www.thehindubusinessline.com/economy/agri-business/april-june-spices-exports-marginally-down-at-115-billion-on-dip-in-chilli-shipments/article68626431.ece>