



October 15, 2024 – Tuesday

Economy

Food on boil, retail inflation hits nine-month high of 5.5%

India's retail inflation surged to a nine-month high of 5.5% in September, driven by higher food inflation and an unfavourable base effect, official data released Monday showed. The sharp reversal in consumer inflation from a five-year low of 3.6% in July and 3.65% in August has dented hopes of interest rate cuts.

<https://economictimes.indiatimes.com/news/economy/indicators/food-on-boil-retail-inflation-hits-nine-month-high-of-5-5/articleshow/114227128.cms>

Sharp spike in food prices bumps WPI inflation to 1.84% in September

India's wholesale price index (WPI)-based inflation saw a slight increase in September to 1.84 per cent from 1.31 per cent in August, primarily on the back of a sharp spike in the prices of food items. Food prices inflation increased to 11.53 per cent during the month as compared to 3.11 per cent during August, data released by the Ministry of Commerce and Industry on Monday showed. As per the data, prices of other major sub-indices like manufactured products witnessed deceleration. Meanwhile, prices of fuel and power contracted further during the month.

https://www.business-standard.com/economy/news/sharp-spike-in-food-prices-bumps-wpi-inflation-to-1-84-in-september-124101400377_1.html

Govt pushing all levers to sustain high economic growth: FM Sitharaman

Finance minister Nirmala Sitharaman on Monday said the government is simultaneously "pushing all levers" to sustain the current high growth rate, and the country's economic prospects for this fiscal have been recognised by multilateral bodies like the International Monetary Fund (IMF) and the World Bank. India, the minister said, can be a leader in Industrial Revolution 4.0, which is guided by artificial intelligence (AI), machine learning and Big Data & Analytics, thanks to its large young population.

<https://economictimes.indiatimes.com/news/economy/policy/govt-pushing-all-levers-to-sustain-high-economic-growth-fm-sitharaman/articleshow/114225004.cms>

GDP growth seen at 6.95% in FY25: CMIE

As many as 28 agencies have forecasted India's GDP to grow at 6.95% in the current financial year, which is about 25 basis points (bps) lower than the Reserve Bank of India's (RBI) forecast. According to a note by the Centre for Monitoring Indian Economy (CMIE), these agencies had earlier predicted growth at 7% last month, but recent macroeconomic data has led them to revise their estimates slightly downwards.

<https://www.financialexpress.com/policy/economy-gdp-growth-seen-at-6-95-in-fy25-cmienbsp-3639087/>

Finance

RBI pitches for reducing cost, time of cross-border overseas remittances

Reserve Bank Governor Shaktikanta Das on Monday made a case for reducing time and cost of overseas remittances, which are important for developing economies including India. According to the World Migration Report 2024 released by the International Organisation for Migration (IOM), India's remittances surged to USD 111 billion last

year, surpassing all other nations. As per the Bank of England projection, the value of global cross-border payments is estimated to surpass USD 250 trillion by 2027.

https://www.business-standard.com/finance/news/rbi-pitches-for-reducing-cost-time-of-cross-border-overseas-remittances-124101400426_1.html

Banks may face NIM compression amid slower credit growth

Banks are likely to report a modest earnings growth in the second quarter, driven by a slower credit growth and a moderate decline in net interest margins (NIMs). Lenders are expected to witness 5-10-basis-point (bps) compression in NIMs due to rise in cost of funds, say experts. "NIM are expected to decline by 5-10 bps sequentially, given the pressure on cost of funds resulting from repricing of deposits. Additionally, the CASA ratio for most banks has been on a declining trend," brokerage firm Sharekhan said in a report. "NIM compression is expected for coverage universe given limited opportunity to increase the yield on the asset side," it said.

<https://www.financialexpress.com/business/banking-finance-banks-may-face-nim-compression-amid-slower-credit-growth-3639040/>

Credit card usage sees a big jump this festive season

Usage of credit cards and credit-based payment instruments like pay-later products showed a robust increase during this year's festive season sales, according to industry insiders. While trends point towards a 35-50% jump in the total number of transactions this year against the festive months of last year, a significant chunk of the payments was through credit cards, EMIs (equated monthly instalments) and pay-later modes.

<https://economictimes.indiatimes.com/industry/banking/finance/credit-card-usage-sees-a-big-jump-this-festive-season/articleshow/114226007.cms>

GST compensation cess to be discussed at GoM meeting on Wednesday

A 10-member Group of Ministers (GoM) led by Minister of State for Finance Pankaj Chaudhary is set to meet for the first time on Wednesday to discuss the future of GST compensation cess after the loan repayment period ends in March 2026, according to multiple sources familiar with the matter.

https://www.business-standard.com/economy/news/gst-compensation-cess-to-be-discussed-at-gom-meeting-on-wednesday-124101401014_1.html

National Insurance Company picks out assets to sell amid poor solvency

National Insurance Company, which is grappling with a severe solvency shortfall of ₹8,000 crore, with its solvency margin standing at a negative 0.49%, far below the regulatory minimum of 1.5%, has identified several key assets to address the gap, according to people familiar with the matter. Among these are its stake in Agriculture Insurance Company, a 20% stake in India International Insurance Singapore valued at about \$500 million (about ₹4,000 crore) and a joint venture in Kenya, they said, adding that though the insurer has identified these assets, it is yet to start the process and seek necessary approvals to proceed with any sales.

<https://economictimes.indiatimes.com/industry/banking/finance/insure/national-insurance-company-picks-out-assets-to-sell-amid-poor-solvency/articleshow/114227118.cms>

Industry

PLI for transmission equipment manufacturing can be explored: Power secy

Various options, including PLI for transmission equipment manufacturing, can be explored to boost the power transmission infrastructure of the country, Power Secretary Pankaj Agarwal said on Monday. Agarwal said he has requested the industry stakeholders to think about ways to localize the supply chain for transmission equipment. He was replying to a question on PLI scheme for transmission equipment, on the sidelines of 'Brainstorming Conclave on Indian Power Sector Scenario by 2047' organised by Central Electricity Authority (CEA) in partnership with FICCI.

https://www.business-standard.com/pti-stories/national/pli-for-transmission-equipment-can-be-explored-official-124101400721_1.html

PLI: Third round for white goods attracts 38 companies

A total of 38 companies, including Daikin, Voltas and Blue Star, have responded to the third round of re-opening of application windows for production linked incentive (PLI) scheme for white goods with committed investments of ₹4,121 crore for manufacturing varieties of critical components of ACs and LED.

<https://www.thehindubusinessline.com/economy/pli-third-round-for-white-goods-attracts-38-companies/article68753637.ece>

Cement industries growth to slow down to 7-8% to 475 MT in FY25: CRISIL

The cement industry is expected to record slower growth of 7 to 8 per cent to 475 million tonnes this fiscal, impacted by lower growth in the first half after registering a double-digit growth from the last two financial years, according to a Crisil report. The cement demand grew only 3 per cent in the June first quarter of FY2024-25, owing to an extended heatwave and shortage of labour during general elections and is estimated to have grown at a similar pace in the second quarter due to seasonal weakness.

https://www.business-standard.com/industry/news/cement-industries-growth-to-slow-down-to-7-8-to-475-mt-in-fy25-crisil-124101400804_1.html

Passenger vehicle sales growth expected to be below 5% in FY25: Siam Prez

The flat sales of passenger vehicles (PVs) in the first half of 2024-25 came as a “slight surprise” for the automobile industry, but it is expecting a rebound in the second half due to the festival season, Shailesh Chandra, President, Society of Indian Automobile Manufacturers (SIAM), said on Monday. Chandra said that the PV industry is expected to post a growth of “sub 5 per cent” in financial year 2024-25 (FY25).

https://www.business-standard.com/industry/auto/passenger-vehicle-sales-growth-expected-to-be-below-5-in-fy25-siam-prez-124101400439_1.html

Organised luggage makers' revenue growth may fall 8-10% in FY25: CRISIL

Revenue growth of the organised luggage industry is likely to decline 8-10 per cent year-on-year this fiscal, driven by a high base as industry size almost doubled between 2021-22 and 2023-24, a report said on Monday. Demand is expected to remain stable, backed by continued penetration of hard luggage, steady tourism and corporate travel, it added. The organised luggage industry's revenue growth is expected to fall to 8-10 per cent in FY25 from 18 per cent seen during the last fiscal, primarily due to a high base, as industry size almost doubled between FY22 and FY24, Crisil Ratings said in a statement.

https://www.business-standard.com/industry/news/organised-luggage-makers-revenue-growth-may-fall-8-10-in-fy25-crisil-124101400749_1.html

GJEPC urges govt to lay rules for disclosure of natural, lab-grown diamonds

Gems and Jewellery Export Promotion Council (GJEPC) has urged the government to formulate stringent regulations mandating traders to clearly disclose whether a diamond is natural or lab-grown while marketing to prevent ambiguity. In a communication to the Department of Consumer Affairs, the council has said that ensuring transparency and implementing clear and standardised guidelines are essential to protect consumers and maintain the integrity of the domestic industry.

https://www.business-standard.com/industry/news/gjepc-urges-govt-to-lay-rules-for-disclosure-of-natural-lab-grown-diamonds-124101400597_1.html

Agriculture

Retail tomato prices to drop as supplies from MP & HP commence

Retail prices of tomatoes, which have soared over the last couple of weeks, are likely to decline with an improvement in supplies from Madhya Pradesh and Himachal Pradesh. Ashok Kaushik, a commission agent and member of Azadpur market tomato association, said that the average wholesale price at the one of the largest vegetable markets in India has declined to about Rs 50/kg – Rs 60/kg from Rs 80- Rs 90/kg three weeks ago.

<https://www.financialexpress.com/policy/economy/retail-tomato-prices-to-drop-as-supplies-from-mp-amp-hp-commence/3639100/>

SOPA estimates India soyabean output to rise 6% on higher yields

The production of soyabean, a key kharif oilseed, is estimated to increase this year by 6 per cent to over 125.8 lakh tonnes (lt) on higher yield as per the first crop estimates by trade body The Soyabean Processors Association of India (SOPA). During kharif 2023, SOPA had estimated the soyabean production at 118.74 lt.

<https://www.thehindubusinessline.com/economy/agri-business/sopa-estimates-india-soyabean-output-to-rise-6-on-higher-yields/article68753140.ece>

Infrastructure

Overall Cargo volumes expected grow 9-11% to 3.7 MT in FY25: ICRA

The overall cargo volumes are expected to see a healthy year-on-year growth of 9-11 per cent to 3.6-3.7 million tonnes this fiscal year on the back of estimated higher domestic and international cargo volumes while the outlook on airport infrastructure is stable, Icra said on Monday. Ratings agency Icra expects international cargo volumes to expand 11-13 per cent while the domestic cargo growth is estimated at 4-6 per cent. The international cargo volumes saw a muted year-on-year rise of 1 per cent in the April-September period of FY24, owing to the slowdown in global economy and geo-political conflicts.

https://www.business-standard.com/economy/news/overall-cargo-volumes-expected-grow-9-11-to-3-7-mt-in-fy25-icra-124101401132_1.html

Energy

India expects 708 GW demand by 2047; 2,100 GW power generation capacity

India needs to increase its power generation capacity four-fold to 2,100 GW by 2047 against an anticipated demand of 708 GW, Union Power Minister Manohar Lal said on Monday. As per official data, India's total power generation capacity stood at around 453 GW as of September 30, while the government's projection for peak power demand this year was 260 GW.

https://www.business-standard.com/economy/news/india-expects-708-gw-demand-by-2047-2-100-gw-power-generation-capacity-124101400906_1.html

India's coal import rises 11% to 121.1 million tonnes in Apr-Aug period

India's coal import rose 11.4 per cent to 121.1 million tonnes (MT) in the April-August period of the ongoing fiscal year. The country had imported 108.7 MT coal in the corresponding period of the previous year. According to data compiled by B2B e-commerce platform mjunction, "During April-August 2024, total coal and coke imports stood at 121.18 MT, around 11.4 per cent higher than 108.74 MT imported during the same period last year." However, coal import in August rose 5.4 per cent to 20.70 MT over 19.63 MT a year earlier.

https://www.business-standard.com/economy/news/india-s-coal-import-rises-11-to-121-1-million-tonnes-in-apr-aug-period-124101400682_1.html

Telecom

DoT dials trai to bring telemarketers under regulatory mechanism for spam

The Department of Telecommunications (DoT) has decided to bring telemarketers under regulatory control and fix accountability, in a significant step as part of a concerted bid by authorities to curb pesky messages and calls. Initiating steps to implement its decision, DoT has sent a reference to the Telecom Regulatory Authority of India (Trai) seeking recommendations on the framework for regulating telemarketers through an authorisation mechanism, officials in the know told ET, asking not to be named.

<https://economictimes.indiatimes.com/industry/telecom/dot-dials-trai-to-bring-telemarketers-under-regulatory-mechanism-for-spam/articleshow/114227171.cms>

Majority of 5G users experience reduction in call drop, faster data speed: Survey

More than half of respondents who have migrated to the 5G network have experienced a reduction in call drops and an improvement in data speed, online survey firm LocalCircles said in a report on Monday. According to the survey, 53 per cent of smartphone users surveyed say the call drop or connect situation has improved after migrating from 3G and 4G to 5G services. Around 30 per cent of respondents shared that there has been no improvement in the call

drop rate, 9 per cent complained that it has somewhat deteriorated, and 5 per cent shared that the call drop problem has "significantly deteriorated" in the survey.

<https://economictimes.indiatimes.com/industry/telecom/majority-of-5g-users-experience-reduction-in-call-drop-faster-data-speed-survey/articleshow/114225594.cms>

States

Maharashtra govt approves two new metro rail routes for Pune; to come at cost of Rs 9,897 cr

The Maharashtra government on Monday approved two new metro rail routes in Pune, the state's second-largest city. The decision to approve construction of the Khadakwasla-Swargate-Hadapsar-Kharadi and Nalstop-Dahanukar Colony-Warje-Manikbaug metro rail routes was taken in the cabinet meeting, an official said. The combined distance of the two new lines will be 31.63 kilometres and they will be built by Maha Metro at a cost of Rs 9,897 crore, he said, adding there will be 28 stations in all. "The new lines are important for the overall development of Pune city and its transport. As the state government has given approval, I will follow it up with the Centre for final permissions," Union minister and Pune Lok Sabha MP Murlidhar Mohol said.

<https://economictimes.indiatimes.com/industry/transportation/railways/maharashtra-govt-approves-two-new-metro-rail-routes-for-pune-to-come-at-cost-of-rs-9897-cr/articleshow/114225637.cms>

Healthcare

NPPA allows a price increase on eight scheduled drugs

The National Pharmaceutical Pricing Authority (NPPA) has approved the increase in ceiling prices of 11 scheduled formulations of eight drugs by 50 per cent of their current ceiling prices.

<https://www.thehindubusinessline.com/news/nppa-allows-a-price-increase-on-eight-scheduled-drugs/article68752956.ece>

External

Export to be major job creator as India transitions to USD 5 trillion economy: USISPF

US-India Strategic Partnership Forum President and CEO Mukesh Aghi on Monday emphasised that exports are going to be a major job creator for India as the country moves towards becoming a USD 5 trillion economy. Aghi, who was speaking at an event organised by the USISPF, also stressed that India and the US should continue to strengthen their economic engagements and increase the bilateral trade to USD 500 billion going forward. He said creating nearly 1.2 million jobs per month is going to be a challenge, highlighting the importance of job creation to ensure there is no social unrest among the youth.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/export-to-be-major-job-creator-as-india-transitions-to-usd-5-trillion-economy-usispf/articleshow/114218062.cms>

India less export-oriented, US tariff hike won't impact nation: Fitch

India, which is less export-oriented than many other Asian economies, would be relatively unaffected in case the US levies higher tariffs on imports, Fitch Ratings said on Monday. Fitch said higher trade barriers in the wake of the US elections could pose additional challenges for issuers across multiple credit sectors in Asia-Pacific (APAC). Also, weaker growth globally would weigh on macroeconomic prospects in Asia in the event of sharp US tariff increases, especially if China's economic prospects are affected disproportionately.

https://www.business-standard.com/economy/news/india-less-export-oriented-us-tariff-hike-won-t-impact-nation-fitch-124101400921_1.html