



October 28, 2024 – Monday

Economy

MGNREGS demand-driven scheme, not possible to fix enrolment targets: Govt

The rural development ministry on Sunday dismissed reports that enrolment under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) is going down and said it is not possible to fix targets for total enrolment in the demand-driven scheme as the financial year is still going on. According to a report of Libtech India on the implementation of the MGNREGS, there has been an 8-per cent drop in the number of active workers under the scheme compared to last year.

https://www.business-standard.com/economy/news/mgnregs-demand-driven-scheme-not-possible-to-fix-enrolment-targets-govt-124102700373_1.html

RBI's rosy growth forecast baffles economists

The Reserve Bank of India's upbeat growth estimates for the world's fastest-growing major economy is causing both confusion and concern among economists. The central bank has stuck to its forecast that India's economy will expand 7.2% in the year ending March 2025 despite recent evidence showing activity is starting to taper off. The RBI's outlook is far more optimistic than the 6.5%-7% growth projected by Prime Minister Narendra Modi's government. Investment banks like Goldman Sachs Corp. have already downgraded growth projections to as low as 6.5%.

<https://economictimes.indiatimes.com/news/economy/indicators/rbis-rosy-growth-forecast-baffles-economists/articleshow/114671273.cms>

Finance

Tweak rule to facilitate same-day settlement of FPI trades: Bankers

Large MNC banks, which serve as custodians of foreign portfolio investors (FPIs) betting on India, have asked the Reserve Bank of India (RBI) to consider a tweak in the rule to facilitate same-day settlement of stock trades, better known as T-plus-zero (or, T+0). They want the banking regulator to enable FPIs to have a mechanism where funds can be organised from banks during the day to buy shares and squared off in evening-an arrangement that would be handy once the shorter settlement cycle of T+0 is extended for institutional trades. In the T+0 cycle, the buyer gets the shares and the seller receives the money on the same day the trade happens.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/tweak-rule-to-facilitate-same-day-settlement-of-fpi-trades-bankers/articleshow/114664266.cms>

Gold helps hold up forex reserves

The Reserve Bank has added 31.6 tonnes to its stock of gold since the beginning of the fiscal. It is up 4 percent over the March-end levels in volume. The outstanding stock of RBI's gold is 853.6 metric tonnes as of end September 2024. Incremental value of gold in reserves on account of new purchases and valuation of existing stock is about \$12.7 billion or almost one third of the \$39 billion added to reserves this fiscal.

<https://economictimes.indiatimes.com/news/economy/finance/gold-helps-hold-up-forex-reserves/articleshow/114659783.cms>

Regulatory changes to provide necessary push to surety bonds biz: Experts

Regulatory changes like amendment in the Insolvency & Bankruptcy Code and standardization of bond wordings would give a fillip to newly introduced product underwritten by general insurance companies, called surety bonds, experts said. This product launched in 2022 is going to play a crucial role in supporting India's infrastructure development and heavily reduce reliance on bank guarantees for project finance. As a result, banks can focus on other productive sectors for lending.

https://www.business-standard.com/finance/news/regulatory-changes-to-provide-necessary-push-to-surety-bonds-biz-experts-124102700427_1.html

Capex loan to states may be 20% lower than Budget estimates

The government expects disbursement of interest-free, long-term loans to states for capital expenditure to be 15-20% lower than the budget estimate for fiscal 2025, because general elections had dragged down spending in the first half of the year. The government in the July budget had sanctioned ₹1.5 lakh crore under the Scheme for Special Assistance to States for Capital Expenditure. However, in the first half of the fiscal year, projects worth only ₹50,069 crore were approved. It may now lower the allocation to ₹1.30-1.35 lakh crore in the revised estimate, a senior official told ET.

<https://economictimes.indiatimes.com/news/economy/finance/capex-loan-to-states-may-be-20-lower-than-budget-estimates/articleshow/114662494.cms>

Industry

Incentive package in works to push green steel manufacturing

The government is readying a package to incentivise the adoption of green steel manufacturing in the country, officials said. It could be a combination of soft loans, interest subvention scheme, viability gap funding and production-linked incentive scheme, besides a revamped definition of 'green steel', they said. The steel ministry has begun discussions with the finance ministry on the proposed package, which will be rolled out in different phases, according to the officials. "Talks are on the contours of the incentives... A call will be taken soon," said one of the officials, who did not wish to be identified.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/steel/incentive-package-in-works-to-push-green-steel-manufacturing/articleshow/114662567.cms>

With crude palm oil rates on fire, consumer firms start raising prices

With crude palm oil prices on the rise, companies have started to jack up rates of soaps and edible oils in order to pass on the hike to consumers. Crude palm oil, one of the main ingredients in the manufacture of some consumer goods, saw a price rise of 45.2 per cent in the last three months. One of the country's largest consumer companies, Hindustan Unilever, said it has already started to take price increases in the skin cleansing category. In the press conference post its earnings, Ritesh Tiwari, chief financial officer (CFO) at HUL said, "After a prolonged period of benign commodity prices in this quarter, crude palm oil and tea witnessed inflation of 10 per cent and 25 per cent year-on-year (Y-o-Y), respectively."

https://www.business-standard.com/industry/news/with-crude-palm-oil-rates-on-fire-consumer-firms-start-raising-prices-124102700454_1.html

This festive season, motown sees unusual mix of waitlists and discounts across segments

The passenger vehicle market is witnessing a paradox this festive season: some models command waiting periods of up to 96 weeks with no discounts while others are offering cash discounts as high as ₹4.5 lakh to manage inventory pileups. This highlights a growing segmentation between premium and volume players in one of the world's largest auto markets even as most PV dealers report a 10% month-on-month sales growth in October after a relatively slow start in the festive season.

<https://economictimes.indiatimes.com/industry/auto/cars-uvs/this-festive-season-motown-sees-unusual-mix-of-waitlists-and-discounts-across-segments/articleshow/114632295.cms>

FMCG volume growth slows amid higher prices and rains

Growth rate for daily household products and groceries in both cities and villages nearly halved by volume as consumers cut back on packaged food and beverages purchases amid incessant rains and inflation. Volumes in the overall fast-moving consumer goods (FMCG) market increased 4.1% in the quarter ended September, down from the 7.2% recorded last year, according to latest data by Kantar, which tracks household consumption of both branded and unorganised products, including those sold loose.

<https://economictimes.indiatimes.com/industry/cons-products/fmcf/fmcf-volume-growth-slows-amid-higher-prices-and-rains/articleshow/114663149.cms>

Urban demand woes disrupt FMCG growth runway in Q2

After holding fort for months within the fast-moving consumer goods (FMCG) market, urban demand is slowing down, as per Q2 commentary by CEOs of top companies in the space. While the slowdown is a concern, it is limited mainly to the lower half of the urban market, popular and mass segments. The premium products, on the other hand, are showing growth, the CEOs said. "The secular trend of premiumization remains intact as premium products are doing better than popular and mass-market categories in urban areas.

<https://www.financialexpress.com/business/industry/urban-demand-woes-disrupt-fmcf-growth-runway-in-q2/3650497/>

Cement industry at a cyclical low

The cement industry is navigating through a cyclical bottom, with expectations of a modest recovery in the second half of FY25. After a robust growth from FY22 to FY24, the demand is certainly moderating. Historically, India's cement consumption has mirrored the GDP growth at around 6%. However, the industry saw a demand CAGR of approximately 9% over the past three years, driven by strong activity in key sectors: Rural housing (37%), urban housing (30%), infrastructure (24%) and industrial & commercial (9%).

<https://www.financialexpress.com/business/industry/cement-industry-at-a-cyclical-low/3650454/>

Diwali Special: Consumer durable cos eyeing 30-50% growth this festive season, say premium products to supercharge 2024 sales

With just days away from Diwali and the ongoing festive season which typically starts from Raksha Bandhan and goes on till Bhaidooj, consumer durable companies are anticipating growth in double-digits, between 30-50 per cent this year. "With markets picking up this year and a good monsoon, we have noticed an uptick in sales for the appliances industry. For Godrej Appliances, we have seen an impressive growth of close to 40 per cent since the start of Onam in September. October, driven by Durga Puja and the upcoming Diwali celebrations has delivered close to a 45 per cent surge so far.

<https://www.financialexpress.com/business/industry-diwali-special-consumer-durable-cos-eyeing-30-50-growth-this-festive-season-say-premium-products-to-supercharge-2024-sales-3650435/>

Jewellery buyers go gold lite this festive season

With gold priced at Rs 78,490/10 gm, and GenZs preferring lightweight jewellery, demand for low-carat gold is booming. No wonder, the government recently notified that 9-carat gold jewellery will also be hallmarked by end of the year. Major players like Malabar Gold and Diamonds, Kalyan Jewellers, Mia by Tanishq and others are betting on lightweight jewellery this festive season. Mia by Tanishq has launched a new festive Disco collection that is lightweight and versatile, having roped in Zeenat Aman for the campaign.

<https://www.financialexpress.com/business/industry-jewellery-buyers-go-gold-lite-this-festive-season-3650135/>

Smartphone sales sizzle ahead of Diwali

Smartphones sales have picked up pace in the past week in the run-up to Diwali, after a tepid start to the festive season, with brands offering heavy discounts and offers backed up by higher margins to retailers.

Sales surged nearly threefold week-on-week on Saturday, with footfall increasing about 30% in major metros such as Delhi, Hyderabad, Mumbai and Kolkata, according to market trackers and retailers.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/smartphone-sales-sizzle-ahead-of-diwali/articleshow/114663262.cms>

216k festive season jobs recorded in logistics, e-com, hospitality: Apna.co

Jobs and professional networking platform Apna.co reported 2.16 lakh job postings this festive season, marking a 20 per cent increase compared to 1.8 lakh job postings last year. This year's festive season saw a significant rise in hiring across key sectors like logistics, e-commerce, retail, and hospitality. It was particularly important for businesses aiming to rebound after a slowdown in consumer spending during the summer and election periods. Companies focused on driving sales beyond last year's numbers, with the rapid expansion of the quick commerce industry further contributing to this hiring momentum.

https://www.business-standard.com/industry/news/216k-festive-season-jobs-recorded-in-logistics-e-com-hospitality-apna-co-124102700507_1.html

Agriculture

Centre rules out state-specific relaxation in paddy procurement norms

The government on Sunday virtually ruled out giving any specific relaxation in paddy procurement norms to any state, including Punjab, saying whatever easing will be done would apply to all uniformly. Food Minister Prahlad Joshi did not say it explicitly but alluded to it while speaking with reporters. Rice millers in Punjab have been up in arms for the last few weeks, declining to lift paddy from mandis (wholesale markets) and demanding the easing of procurement norms.

https://www.business-standard.com/economy/news/centre-rules-out-state-specific-relaxation-in-paddy-procurement-norms-124102700389_1.html

Energy

Government plans to issue ALMM for PV cells to push India's green energy transition

The government is planning to introduce an Approved List of Models and Manufacturers (ALMM) for solar cells on the lines of module manufacturing to boost India's transition towards green energy. The government is aiming to make the second list (List II) under the ALMM for solar PV cells effective April 1, 2026. The government introduced the ALMM order (List I) in 2019 for solar modules to boost the manufacturing and usage of made-in-India solar panels. It was made mandatory to source PV modules from models and manufacturers included in the ALMM List I.

<https://economictimes.indiatimes.com/industry/renewables/government-plans-to-issue-alm-for-pv-cells-to-push-indias-green-energy-transition/articleshow/114647947.cms>

Telecom

Protect key frequency bands used for satellite communications: Industry

The satellite-communication industry has urged the government to protect the key frequency bands used by them, particularly the Ka and Ku bands, from being allocated to terrestrial services. The Satcom Industry Association of India has also asked the government to reserve the 27.5-28.5 GHz band exclusively for satellite services, instead of transferring it to IMT (International Mobile Telecommunications) for flexible use, in line with global practices. "Any reduction in satellite bandwidth will not only double the gateway requirements but also increase operational costs for satellite operators, ultimately affecting end-users. We must prioritise the preservation of these frequency bands for satellite-communication services to avoid unnecessary financial burdens," Subba Rao Pavuluri, president, SIA-India, said in a statement.

<https://economictimes.indiatimes.com/industry/telecom/telecom-policy/protect-key-frequency-bands-used-for-satellite-communications-industry/articleshow/114653001.cms>

External

Govt working on revamped interest subvention scheme for exporters

With the finance ministry seeking "justification" for continuing the Interest Equalisation Scheme (IES) for exporters, the commerce department is exploring ways to revamp it to ensure the scheme meets the objectives outlined during its launch nine years ago. The scheme is currently set to expire on December 31. IES is an interest subvention initiative under which banks offer reduced interest rates to exporters on their pre- and post-shipment rupee export credits. Lenders are then compensated by the government.

https://www.business-standard.com/economy/news/govt-working-on-revamped-interest-subvention-scheme-for-exporters-124102700352_1.html

Turkiye's measures on polyester impact exports; India seeks compensation

India has sought compensation from Turkiye as Ankara's decision to extend safeguard measures on polyester staple fibres has impacted the product's exports, an official said. India flagged concerns and impact from these measures during a recent bilateral consultations with Turkiye under the WTO's safeguard agreement. On October 14, India sought consultations with Turkiye under the agreement following Ankara's decision to extend safeguard measures on polyester staple fibres.

https://www.business-standard.com/economy/news/turkiye-s-measures-on-polyester-impact-exports-india-seeks-compensation-124102700338_1.html

Progress on MDB reforms 'disappointing', says G20 expert group report

Terming the steps taken towards the multilateral development banks' (MDB) reforms suggested under India's G20 presidency as "disappointing", a G20 independent expert group has said the pace and ambition of implementation falls well short of what is required even though every institution has embarked on a programme of reform. "Major shareholders of the MDBs must shoulder the main responsibility for this disappointing performance...Our judgement is that we are still falling well short of 'good enough progress'," the G20 Independent Expert Group Report Card on strengthening MDBs titled 'An incomplete grade' said.

https://www.business-standard.com/economy/news/progress-towards-mdb-reforms-disappointing-g20-group-report-124102700525_1.html