



October 29, 2024 – Tuesday

Economy

Urban demand stress under watch, festivals may boost consumption: FinMin

Days before Diwali, the monthly economic review by the finance ministry has highlighted moderation in urban demand, softening consumer sentiments and limited footfall as areas that need to be watched. In its review, released on Monday, the ministry also noted the early signs of artificial intelligence displacing workers, as described in anecdotal reports. The commentary from several large consumer goods companies, including Nestlé India, Hindustan Unilever, and ITC, in their recent quarterly earnings, has been around a sluggish urban demand. Rural consumption, however, has mostly seen a revival, the companies pointed out.

https://www.business-standard.com/economy/news/demand-conditions-in-economy-need-close-watch-says-finmin-report-124102800687_1.html

India in cyclical slowdown, RBI's 7.2% estimate 'overly optimistic': Nomura

Japanese brokerage Nomura on Monday said the Indian economy has entered a phase of "cyclical growth slowdown" and the Reserve Bank's estimate of 7.2 per cent GDP expansion is "overly optimistic". The brokerage said it sees "rising downside risks" to its GDP growth estimates of 6.7 per cent in the ongoing FY25 and 6.8 per cent in FY26. "We believe India's economy has entered a cyclical growth slowdown. Coincident and leading growth indicators point to a further moderation in GDP growth and the RBI's forecast of 7.2 per cent for FY25 is overly optimistic," the brokerage said in a note.

https://www.business-standard.com/economy/news/india-in-cyclical-slowdown-rbi-s-7-2-estimate-overly-optimistic-nomura-124102800854_1.html

Pension in works for 8.5 million construction workers

The government is mulling over using the Rs 76,000 crore of corpus built from the building and construction workers' cess to guarantee a minimum pension to these unorganised workers after the age of 60 years. The move is aimed at providing social security to these workers after retirement and would require amendment to The Building and Other Construction Workers (BOCW) Act, 1996, said people aware of the deliberations.

<https://economictimes.indiatimes.com/news/economy/policy/pension-in-works-for-8-5-million-construction-workers/articleshow/114703412.cms>

Finance

RBI fixes Rs 300 cr net worth criteria for entities applying for central counterparty

The Reserve Bank on Monday said an entity seeking authorisation or recognition as a Central Counterparty (CCP) should have a minimum networth of Rs 300 crore at the time of submitting its application. CCP means a system provider by way of novation interposes between system participants in the transactions admitted for settlement. CCP becomes the buyer to every seller and the seller to every buyer for the purpose of effecting settlement of their transactions.

<https://economictimes.indiatimes.com/news/economy/finance/rbi-fixes-rs-300-cr-networth-criteria-for-entities-applying-for-central-counterparty/articleshow/114698183.cms>

Industry

Steel companies struggle with Rs 89k cr stock on rising imports

Indian steelmakers are grappling with inventory build-up despite higher consumption as imports continue to flood the domestic market, prompting the steel ministry to flag the issue and monitor the situation closely, said people familiar with the matter. "The high steel inventory is a matter of concern," said a senior official, who did not wish to be identified.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/steel/steel-companies-struggle-with-rs-89k-cr-stock-on-rising-imports/articleshow/114704334.cms>

FMCGs show chic cities of India are losing out to Bharat: Economic Survey

The volume sales of Fast Moving Consumer Goods (FMCG) indicate that rural demand continues to improve, while urban demand has moderated, according to the Monthly Economic Survey for September, released on Monday. Rural demand continues to improve, as reflected in increasing FMCG volume sales and a rise in three-wheeler and tractor sales, said the survey released by the Department of Economic Affairs.

<https://economictimes.indiatimes.com/news/economy/indicators/fmcgs-show-chic-cities-of-india-are-losing-out-to-bharat-economic-survey/articleshow/114686958.cms>

CPCB targets plastic waste breaches, tightens PWM compliance in tenders

In response to rising complaints regarding violations of the Plastic Waste Management (PWM) Rules, 2016, the Central Pollution Control Board (CPCB) has issued stringent orders to State Pollution Control Boards (SPCBs) and Pollution Control Committees (PCCs) to enforce immediate action against offenders. These violations, which include the use of plastic carry bags below the mandated thickness and unauthorised single-use plastic products, have raised concerns about compliance with national plastic waste regulations.

https://www.business-standard.com/industry/news/cpcb-targets-plastic-waste-breaches-tightens-pwm-compliance-in-tenders-124102800924_1.html

India remains highly dependent on imports of critical minerals, says report

India remains highly dependent on imports for minerals critical to accelerating its energy transition, with a full reliance on shipping in lithium, cobalt and nickel, according to a report released Monday. The report, published by the Institute for Energy Economics and Financial Analysis (IEEFA), said that India's demand for critical minerals is expected to more than double by 2030, while domestic mining operations may take over a decade to start producing. It stresses that India needs a carefully crafted import strategy to mitigate potential trade risks while balancing international relationships to secure these essential minerals.

https://www.business-standard.com/industry/news/india-remains-highly-dependent-on-imports-of-critical-minerals-says-report-124102800332_1.html

Revival in IT hiring, GSIs and GCCs lead the charge as upskilling initiatives gain momentum

IT hiring and upskilling activities across GSIs (global system integrators) are picking up from this year. While large or Tier-I GSIs are looking to upskill and bring on board graduates, who had been "benched", for new projects, Tier-II GSIs continue to witness hiring. The global capability centres (GCCs) continue to be big employers with engineering and research & development GCCs (called ERD GCCs) growing 1.3x faster than before, says Vijay K Thadani, Vice Chairman and MD of NIIT Ltd. According to Thadani, there are early signs of a pick up in hiring and head count on a q-o-q basis in Q2 (July – September). Outlook for H2 looks "better", despite "moderate macro economic factors". "The overall pace (of hiring) remains moderate – with Tier-I GSIs now looking to upskill new entrants, who they had hired but had not used because of slowing contract wins. On the other hand, Tier-II GSIs are hiring all year round. And the GCCs continue to be bullish and open (shop) here," Thadani told *businessline* during an interaction.

<https://www.thehindubusinessline.com/companies/revival-in-it-hiring-gsis-and-gccs-lead-the-charge-as-upskilling-initiatives-gain-momentum/article68806222.ece>

Agriculture

Increase in ethanol production to prevent Indian sugar exports, says Wilmar

The increase in ethanol production in India due to higher blending rates will reduce local sugar availability and prevent the country from exporting sugar in the 2024/25 season, Singapore-based commodities trader Wilmar said. India is the world's second-largest sugar producer after Brazil, but the country has been absent from export markets to guarantee local supplies as larger shares of its sucrose output are diverted to produce ethanol instead of sugar.

https://www.business-standard.com/industry/news/increase-in-ethanol-production-to-prevent-indian-sugar-exports-says-wilmar-124102801096_1.html

Sugar output seen at 33 MT for 2024-25 season

The food ministry has estimated sugar production at 33 million tonne (MT) for 2024-25 sugar season (Oct-Sept), which would be adequate to meet domestic annual consumption of 29 MT as well as 4.5 MT required for ethanol production. Sources told FE as the crop condition is robust, the production would be definitely higher compared to previous season which had earlier forced the government to cut supplies to ethanol manufacture. "The sugar production prospects are much better than earlier estimated due to adequate monsoon rainfall, the output is expected to be around 33 MT this sugar season," an official said.

<https://www.financialexpress.com/policy/economy-sugar-output-seen-at-33-mt-for-2024-25-season-3650478/>

Centre asks sugar mills to pack 20% of production in jute bags

The Centre has directed all sugar mills to pack 20 per cent of their production of the commodity in gunny bags as per an order issued by the Textile Ministry, failing which action will be taken against erring mills. However, it has not mentioned exactly what type of action will be taken against erring mills, since adequate availability of jute bags is also an issue.

<https://www.thehindubusinessline.com/economy/agri-business/centre-asks-sugar-mills-to-pack-20-of-production-in-jute-bags/article68806990.ece>

Potato and rice to remain costly till December

Prices of potato and rice are set to remain high till December, traders and farmers said. Potato sowing in UP, the largest producer, has been delayed by a fortnight due to untimely rains and the new crop will come to the market by December. On the other hand, Cyclone Dana has damaged the standing paddy crop in West Bengal and Odisha. Rice prices have already jumped by up to 15% in the last fortnight after the government removed export curbs and may move up further for varieties like Gobindobhog and Swarna.

<https://economictimes.indiatimes.com/news/economy/indicators/potato-and-rice-to-remain-costly-till-december/articleshow/114702423.cms>

Infrastructure

Budget home threshold may be hiked to Rs 55 lakh

The group of ministers (GoM) tasked by the Goods and Services Tax Council to look into application of GST for real estate is of the view that the definition of affordable housing be extended to Rs 55 lakh from the current Rs 45 lakh, people in the know of the matter said.

<https://economictimes.indiatimes.com/news/economy/policy/budget-home-threshold-may-be-hiked-to-rs-55-lakh/articleshow/114704620.cms>

Energy

Power discoms to follow uniform accounting rules

The Centre has instructed all power distribution companies (discoms) to adopt uniform accounting practices, with an aim to prevent financial misreporting. The fresh directive, issued earlier this month, seeks disclosures over and above those specified under the Indian Accounting Standard. These include details of revenue from sale of energy, number of consumers, average cost of supply, number of prepaid meters in government offices and cross-subsidy.

<https://economictimes.indiatimes.com/industry/energy/power/power-discoms-to-follow-uniform-accounting-rules/articleshow/114704467.cms>

Greenhouse gas emissions increases to new record in 2023: WMO report

Greenhouse gas levels surged to a new record in 2023, rising by more than 10 per cent in just two decades, according to a new report by the World Meteorological Organization (WMO). In the course of 2023, large vegetation fire CO2 emissions and a possible reduction in carbon absorption by forests combined with stubbornly high fossil fuel CO2 emissions from human and industrial activities to drive the increase, according to the WMO's annual Greenhouse Gas Bulletin.

https://www.business-standard.com/economy/news/greenhouse-gas-emissions-increases-to-new-record-in-2023-wmo-report-124102800654_1.html

Healthcare

PM Modi to launch, inaugurate multiple health sector projects worth over Rs 12,850 cr today

On the occasion of Dhanvantari Jayanti and 9th Ayurveda Day, Prime Minister Narendra Modi will launch, inaugurate and lay the foundation stone of multiple projects related to the health sector worth around Rs 12,850 crore on Tuesday at the All India Institute of Ayurveda (AIIA) in the national capital. As a major addition to the flagship scheme Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (PM-JAY), the Prime Minister will launch the expansion of health coverage to all senior citizens aged 70 years and above, the Prime Minister's Office stated in a press release.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/healthcare/pm-modi-to-launch-inaugurate-multiple-health-sector-projects-worth-over-rs-12850-cr-today/articleshow/114711810.cms>

External

WTO accepts India request to defer ICT import duty dispute ruling until Apr

The WTO's dispute settlement body on Monday again accepted a request from India and Chinese Taipei not to adopt the ruling against New Delhi's import duties on certain information and technology products till April next year, as both sides are engaged in resolving the matter mutually, an official said. The issue came up during a meeting of the dispute settlement body (DSB) in Geneva. "The DSB agreed to the latest requests from Chinese Taipei and India," the Geneva-based official said.

https://www.business-standard.com/economy/news/wto-accepts-india-request-to-defer-ict-import-duty-dispute-ruling-until-apr-124102801072_1.html

India, EU FTA negotiation priority, both sides pushing for early deal: MEA

Negotiations for a Free Trade Agreement (FTA) between India and the European Union remain a priority, with both sides pushing for an "early and ambitious" deal, said the Ministry of External Affairs on Monday, hours after bilateral talks between Prime Minister Narendra Modi and his Spanish counterpart Pedro Sanchez here. During their bilateral talks at the Laxmi Vilas Palace in Vadodara, PM Modi and Sanchez discussed a wide range of topics, including trade, defence, and technology collaboration.

https://www.business-standard.com/economy/news/india-eu-fta-negotiation-priority-both-sides-pushing-for-early-deal-mea-124102801011_1.html

Swiss firms set sights on India as \$100 bn pact shows more opportunities

Investments in India by Swiss companies such as engineering group ABB and transport firm Kuehne+Nagel are on the rise, with a \$100 billion regional trade deal expected to further open it up to businesses long geared towards China. India's appeal has already reflected a broader shift among businesses in Europe eager to balance the costs of a US-China trade spat and recognition that the Chinese economy is, by comparison to India, losing steam.

https://www.business-standard.com/economy/news/swiss-firms-set-sights-on-india-as-100-bn-pact-shows-more-opportunities-124102800338_1.html

Proposed anti-dumping duty by US may derail ceramic tiles exports in FY25 while domestic demand remains resilient, says ICRA

Even as the resilient real estate demand is helping the revenue growth of the Indian ceramic tiles industry, a report by ICRA stated that the export market has started showing signs of a slowdown. It said that the demand slowdown from the USA is visible in the current fiscal, post the commencement of the USA Department of Commerce's

investigations, in May 2024, on ceramic tile imports from India. Further, the export momentum was derailed from Q4FY24 due to a sharp increase in freight cost amid the Red Sea crisis as well as slow moving residential markets in the USA and Europe.

<https://www.financialexpress.com/business/industry-proposed-anti-dumping-duty-by-us-may-derail-ceramic-tiles-exports-in-fy25-while-domestic-demand-remains-resilient-says-icra-3650854/>

No plan to cut import duty on wheat now: Official

With sufficient stock with the trade and single digit inflation for the last one year, the government may not opt for any reduction in import duty of wheat soon. Also, it may not start open market sales for bulk buyers from its surplus stock yet. The Food Corporation of India had offloaded a record 10 million tonne (MT) of grain in the market to cool down the prices in FY24.

<https://www.financialexpress.com/policy/economy-no-plan-to-cut-import-duty-on-wheat-now-official-3649737/>