



November 04, 2024 – Monday

Economy

41% workers on contract in formal manufacturing sector in FY23: ASI data

Every two in five workers employed in the formal manufacturing sector were on contract in FY23, thus showing an increasing trend of contractualisation in the country's labour force, according to the additional Annual Survey of Industries (ASI) data released by the Ministry of Statistics and Programme Implementation (MoSPI) on Wednesday. According to the data, in FY23, a total of 14.61 million workers were employed by 253,000 factories across India. Of them, 5.95 million workers (40.7 per cent) were on contract — the highest ever — as compared to only 40.2 per cent in the preceding financial year.

https://www.business-standard.com/economy/news/40-workers-in-formal-manufacturing-sector-on-contract-in-fy23-asi-data-124110300392_1.html

Work demand under MGNREGS falls for 12th consecutive month in October

The government's flagship rural employment programme has witnessed a sustained decline in work demand for the 12th consecutive month in October, compared to the same period last year. This trend reflects robust economic activities, particularly in sectors that offer more lucrative job opportunities, alongside a favourable base effect. Data from the Ministry of Rural Development indicates that around 19.89 million people sought employment under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in October, marking a 9.2 per cent decrease from the previous year. These individuals represented 16.97 million households, which is a 7.6 per cent decline year-on-year, according to a report by The Economic Times.

https://www.business-standard.com/economy/news/work-demand-under-mgnregs-falls-for-12th-consecutive-month-in-october-124110200237_1.html

Regular IBC tweaks needed to address bankruptcy challenges, says Corporate Affairs Ministry

The corporate affairs ministry has underscored the need for a "continuous refinement" in the Insolvency and Bankruptcy Code (IBC) to address future challenges in corporate recast effectively. In an internal communication dated October 30, the ministry said: "The Code's adaptability to evolving business landscapes ensures that it remains dynamic and responsive, while its continuous refinement will be essential for effectively addressing future challenges in insolvency management and corporate restructuring".

<https://economictimes.indiatimes.com/news/economy/policy/regular-ibc-tweaks-needed-to-address-bankruptcy-challenges-says-corporate-affairs-ministry/articleshow/114918074.cms>

India will need a lot of very serious reforms to become advanced economy by 2047: Krishna Srinivasan, IMF Asia-Pacific Department

India will need to undertake a lot of very serious structural reforms to meet the aspiration of being an advanced economy by 2047, Krishna Srinivasan, director of the Asia and Pacific Department (APD) at the International Monetary Fund tells Deepshikha Sikarwar in an interview. The IMF in its Regional Economic Outlook has forecast India's growth at 7% for FY25. Edited excerpts:

<https://economictimes.indiatimes.com/news/economy/policy/india-will-need-a-lot-of-very-serious-reforms-to-become-advanced-economy-by-2047-krishna-srinivasan-imf-asia-pacific-department/articleshow/114917696.cms>

Growth may have slipped in rainy Q2 but forecast for fiscal is sunny

India's economic growth likely moderated in July-September, primarily due to a slowdown in consumption and investment amid heavy monsoon rains in several parts of the country, according to an ET poll of 10 economists. The poll's median estimate for gross domestic product (GDP) growth in the second quarter is 6.8% year on year, with estimates ranging from 6.5% to 7%. The economy expanded a robust 8.1% in the corresponding period last year, and 6.7% in the first quarter of this financial year. The Reserve Bank of India has revised its growth projections for the September quarter to 7%, from 7.2% in its monetary policy meeting last month. Official numbers will be released on November 29.

<https://economictimes.indiatimes.com/news/economy/indicators/growth-may-have-slipped-in-rainy-q2-but-forecast-for-fiscal-is-sunny/articleshow/114920066.cms>

Finance

SEBI proposes interest rate derivatives for hedging by REITs and InvITs

Markets regulator Sebi has proposed allowing Real Estate Investment Trusts (REITs), Small and Medium REITs (SM REITs) and Infrastructure Investment Trusts (InvITs) to use interest rate derivatives for hedging risk. Also, the regulator has suggested approving locked-in units for REITs and InvITs to be transferred among sponsors and their groups, similar to rules for promoters in listed companies, to help sponsors manage their holdings without compromising "skin in the game".

https://www.business-standard.com/economy/news/sebi-proposes-interest-rate-derivatives-for-hedging-by-reits-and-invits-124110300128_1.html

Banks, FIMMDA discuss MIBOR replacement with collateralised rate framework

Banks have suggested phasing out the uncollateralised Mumbai Interbank Offer Rate (MIBOR) and proposed a new benchmark for the interest rate derivatives market, according to sources privy to the development. This came after the Reserve Bank of India's (RBI's) MIBOR Committee released a report on October 1. It recommended changes in the methodology of MIBOR while proposing a shift to a new benchmark for derivative products. Fixed Income Money Market and Derivatives Association of India (FIMMDA) recently held a meeting with bankers to discuss transitioning India's interest rate derivatives market from the current uncollateralised MIBOR benchmark to a collateralised framework, similar to international standards.

https://www.business-standard.com/industry/banking/banks-fimmda-discuss-mibor-replacement-with-collateralised-rate-framework-124110300276_1.html

Banks seek integration with RBI platform to monitor LRS limits

Banks have approached the Reserve Bank of India (RBI) seeking integration with its Centralised Information Management System (CIMS) platform, aiming for real-time verification of limit utilisation under the Liberal Remittance Scheme (LRS), said people familiar with the development.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/banks-seek-integration-with-rbi-platform-to-monitor-lrs-limits/articleshow/114917990.cms>

Banks' NIM falls in Q2 as RBI penal charge diktat takes effect, deposit cost rises

Large and mid-sized banks have seen a fall in their net interest margin (NIM) – a key indicator of lenders' profitability – in Q2 on account of lower yield on advances, higher cost of deposit and as the Reserve Bank of India's circular on levy of penal charges takes full effect.

<https://www.thehindubusinessline.com/money-and-banking/banks-nim-falls-in-q2-as-rbi-penal-charge-diktat-takes-effect-deposit-cost-rises/article68825631.ece>

P2Ps see rising customer interest ahead of T+1 deadline on November 14

User interest in peer-to-peer (P2P) lending platforms may be picking up pace, even as players initially feared major business disruption following the Reserve Bank of India's (RBI's) revised guidelines for such companies in August. P2P non-banking financial company (NBFC) lending platforms provide an online marketplace for participants in P2P

lending, which includes individual lenders and borrowers. Individuals can view details about borrowers before lending them capital.

https://www.business-standard.com/finance/news/p2ps-see-rising-customer-interest-ahead-of-t-1-deadline-on-november-14-124110300483_1.html

Industry

India's EV market sees festive season boost, reversing recent slump

The festival season has provided a much-needed boost to India's electric vehicle (EV) market in October, reversing a decline that persisted for the previous two months. Registrations reached 217,716, representing a 35 per cent recovery from the 160,237 units sold in September. This also marks the highest monthly sales figure recorded to date. This new high even outpaced March's 213,063 units — a number bolstered by the final days of the second phase of the Faster Adoption and Manufacturing of Electric Vehicles (FAME-II) scheme, showing just how much demand has been turbocharged this year.

https://www.business-standard.com/economy/news/india-s-ev-market-sees-festive-season-boost-reversing-recent-slump-124110300390_1.html

FMCG firms express concern over inflation, hint at potential price hikes

Leading FMCG companies reported a decline in margins in the September quarter on account of higher input costs and food inflation, which ultimately slowed down the pace of urban consumption. Rising prices of commodity inputs such as palm oil, coffee and cocoa were also accentuated and some FMCG firms have hinted at a price hike. HUL, Godrej Consumer Products Ltd (GCPL), Marico, ITC, and Tata Consumer Products Ltd (TCPL) have expressed concerns over squeezing urban consumption, which according to industry experts forms 65-68 per cent of FMCG total sales. "We think this is a short-term hit and we will recover the margins through judicious price increase and stabilising of costs," said GCPL Managing Director and CEO Sudhir Sitapati in a Q2 earning statement.

https://www.business-standard.com/india-news/fmcc-firms-express-concern-over-inflation-hint-at-potential-price-hikes-124110300126_1.html

Lower sales realisation hit margins of cement makers in Q2

Major cement manufacturers reported a decline in margins in the September quarter, mainly on account of lower prices, leading to lower sales realisation. Barring three leading cement producers -- UltraTech Cement, Ambuja Cement, and Dalmia Bharat -- other smaller players, including Nuvoco Vistas Corp, JK Cement, Birla Corporation, and Heidelberg Cement, reported a decline in topline and sales volume in the second quarter of the current fiscal year. Industry observers said the increase in sales volume of UltraTech and Ambuja Cements is mainly due to the several acquisitions by both companies that consolidated their position further in the industry.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/cement/lower-sales-realisation-hit-margins-of-cement-makers-in-q2/articleshow/114906220.cms>

Agriculture

MSP paddy purchases drop 20 per cent amid storage crunch

A storage crunch caused by surplus rice held in the central pool, especially in Punjab, has adversely impacted the government's paddy procurement drive this season (2024-25). Procurement season had commenced on October 1. As on Thursday, the Food Corporation of India and state government agencies have purchased 12.56 MT of paddy at Minimum Support Price (MSP) from farmers mostly in Punjab, Haryana and Tamil Nadu which is 20% less than 15.74 MT of paddy purchased in the same period last season (2023-24).

<https://www.financialexpress.com/policy/economy-msp-paddy-purchases-drop-20-per-cent-amid-storage-crunch-3654508/>

Infrastructure

Govt plans to incentivise planned urbanisation of peri-urban areas

Encouraging planned development of peri-urban areas while discouraging haphazard growth and illegal constructions is likely to be the focus area to tap into Sixteenth Finance Commission grants. The Ministry of Housing and Urban Affairs is finalising its recommendation to the commission to incentivise planned urbanisation of peri-urban areas, people aware of the matter said. The ministry has formed sub-groups to address specific areas like political intervention, administrative reforms and financial resources, they said. The ministry has formed sub-groups to address specific areas like political intervention, administrative reforms and financial resources, they said.

<https://economictimes.indiatimes.com/news/economy/infrastructure/govt-plans-to-incentivise-planned-urbanisation-of-peri-urban-areas/articleshow/114920220.cms>

India gears up to expand carbon-efficient coastal shipping services

Coastal shipping is a cost-effective and carbon-efficient mode of transport. Yet, India has not fully utilised its 7,500 km coastline and over 14,000 km of navigable inland waterways — water transport accounts for only 6.4 per cent of overall trade logistics.

<https://www.thehindubusinessline.com/economy/logistics/india-gears-up-to-expand-carbon-efficient-coastal-shipping-services/article68826239.ece>

Realtors approach govt over National Green Tribunal ruling for central appraisals

Real estate developers across the country have approached the government, raising concerns over a recent National Green Tribunal ruling that requires them to secure environmental clearances for projects from central authorities as against state agencies, saying the shift will delay projects and drive up operational costs.

<https://economictimes.indiatimes.com/industry/services/property/-construction/realtors-approach-govt-over-national-green-tribunal-ruling-for-central-appraisals/articleshow/114919791.cms>

Energy

Coal India may end FY25 with 15 mt production shortfall against production target of 838 mt

State-run miner Coal India (CIL) may end the current financial year with a production shortfall of around 15 million tonnes against a production target of 838 million tonnes due to delays in land, environmental and other clearances.

<https://www.thehindubusinessline.com/companies/coal-india-may-end-fy25-with-15-mt-production-shortfall-against-production-target-of-838-mt/article68826418.ece>

Telecom

Indian telcos get huge discounts on gear as vendors target growth markets

Indian telecom operators like a good bargain. Reliance Jio, Bharti Airtel and Vodafone Idea (Vi) have signed contracts worth billions of dollars to source network equipment from vendors like Finland's Nokia and Sweden's Ericsson at prices that are 30-40% cheaper compared with global deals. Industry executives said Vodafone Idea negotiated hard for its latest ₹30,000 crore equipment deal, which was a breather to vendors who have maxed out new business opportunities globally as most nations have completed 5G rollouts.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/indian-telcos-get-huge-discounts-on-gear-as-vendors-target-growth-markets/articleshow/114918981.cms>

States

Himachal CM dedicates development projects worth Rs 30.70 crore to state

Himachal Pradesh Chief Minister Sukhvinder Singh Sukhu dedicated to state developmental projects worth Rs 30.70 crore at an event held in Kinnaur district on Saturday. Speaking on occasion, CM Sukhu emphasized that these projects would directly benefit local residents. During the occasion, the Chief Minister inaugurated an EVM storage warehouse at Recongpeo, constructed at a cost of Rs 2.69 crore, along with six Type-II quarters for treasury office staff costing Rs 94.95 lakh. He also inaugurated a 250 MT Controlled Atmosphere storage facility (CA store), completed with an investment of Rs 6.85 crore.

https://www.business-standard.com/india-news/himachal-cm-dedicates-development-projects-worth-rs-30-70-crore-to-state-124110300062_1.html

Healthcare

FSSAI sets stricter rule for antibiotics in food items

India's food safety regulator has tightened antibiotics residue norms for meat and meat products, milk and milk products, poultry, eggs and aquaculture, lowering the permissible levels and placing more drugs on its watch list. The move is aimed at tackling the growing problem of 'superbugs', which are bacteria and fungi that have developed resistance to antibiotics and other medications due to drug 'misuse'.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/healthcare/fssai-sets-stricter-rule-for-antibiotics-in-food-items/articleshow/114919009.cms>

External

India boosts global share in petroleum, gemstone, sugar exports over 5 yrs

India's export competitiveness has witnessed healthy gains in multiple sectors -- particularly petroleum, gemstones, agrochemicals and sugar -- during the last five years, as these segments have increased their share in global trade, according to the commerce ministry data. The other sectors where the share of India's exports has increased during 2018 and 2023 are electrical goods, pneumatic tyres, taps and valves, and semiconductor devices. The ministry data analysis showed that petroleum exports rose to \$84.96 billion in 2023, with India's market share surging to 12.59 per cent last year from 6.45 per cent in 2018, positioning it as the second-largest global exporter. It was ranked fifth in 2018.

https://www.business-standard.com/industry/news/india-boosts-global-share-in-petroleum-gemstone-sugar-exports-over-5-yrs-124110300236_1.html

Government tightens wastage norms for jewellery exports

The government has tightened the wastage allowance that exporters of gold, silver, and platinum jewelry can claim at the manufacturing stage to qualify for duty-free import of raw materials. The revised norms, effective from January 1, will reduce permissible wastage across various jewelry categories, distinguishing for the first time between handmade and machine-made pieces. Announced on Friday by the Directorate General of Foreign Trade (DGFT), these norms are more lenient than those proposed in May, which were subsequently put on hold. The new announcement overrides the previous notice from May.

<https://www.financialexpress.com/business/industry-government-tightens-wastage-norms-for-jewellery-exports-3654683/>

India, Saudi Arabia sign pacts to boost trade, investment

India and Saudi Arabia on Friday signed a series of "actionable agreements" aimed at enhancing trade volumes and facilitating a smooth flow of investments between the two countries, an official statement said on Friday. The agreements emphasise cooperation in energy transition, digital transformation and exchange of expertise to accelerate economic growth. The agreements were signed in the presence of commerce and industry minister Piyush Goyal who was on a visit to the West Asian kingdom.

<https://www.financialexpress.com/business/industry-india-saudi-arabia-sign-pacts-to-boost-trade-investment-3654622/>