



November 05, 2024 – Tuesday

Economy

Strong demand revives manufacturing PMI to 57.5 in October after 8-mth low

After an eight-month low, growth in India's manufacturing sector revived at the turn of the third quarter of the current financial year as output accelerated, driven by faster increases in total new orders and international sales, according to a private business survey released on Monday. The HSBC final India manufacturing Purchasing Managers' Index (PMI), compiled by S&P Global, rose to 57.5 in October from an eight - month low of 56.5 in September. A figure above 50 in the index denotes expansion in activity and below signifies contraction.

https://www.business-standard.com/economy/news/strong-demand-in-oct-revives-manufacturing-pmi-to-57-5-from-8-month-low-124110400255_1.html

India Inc sends mixed signals on H2 FY25 capital expenditure path

After subdued earnings in the first half amid global headwinds, India Inc is taking a cautious approach on their capital expenditure (capex) for the second half of the financial year ending March 2025, according to management commentary. Minutes from the October monetary policy meeting show the Reserve Bank of India's (RBI's) optimism about private investments picking up. The RBI said private corporate investment is gaining momentum, with seasonally adjusted capacity utilisation improving in the first quarter of FY25 and the healthy balance sheets of banks and corporates.

https://www.business-standard.com/economy/news/india-inc-sends-mixed-signals-on-h2-fy25-capital-expenditure-path-124110401044_1.html

Urban slowdown more than cyclical

The slowdown in urban consumption demand being witnessed now may largely be cyclical, but could also be reflective to an extent of deeper structural issues, economists feel. They suggested urgent steps to enhance labour productivity and address the sagging wage growth. Corporate India, they said, would have to prepare to live with lower profitability in the near term to boost demand. It would also have to adapt to the new realities of changing consumption pattern, particularly the shift away from traditional to tangible and intangible digital products. Else, most companies would find themselves out of price points, they warned.

<https://www.financialexpress.com/policy/economy-urban-slowdown-more-than-cyclical-2-3655525/>

White collar hiring activity up 10% in Oct led by oil & gas, FMCG: Report

White collar hiring activity witnessed a growth of 10 per cent year-on-year in October mainly driven by a rise in recruitment in sectors, including oil and gas, pharmaceuticals, FMCG, and IT, a report said on Monday. The Naukri JobSpeak Index, India's leading indicator of white-collar hiring activity, demonstrated robust growth in October, reaching 2,733 points compared to 2,484 in the same month of 2023, marking a significant 10 per cent year-on-year increase.

https://www.business-standard.com/industry/news/white-collar-hiring-activity-up-10-in-oct-led-by-oil-gas-fmcg-report-124110400753_1.html

Finance

FinMin seeks comments from sponsor banks on proposed RRB amalgamation

The Union Finance Ministry has sought comments from sponsor banks by November 20 for the proposed amalgamation of regional rural banks (RRBs), according to a document seen by Business Standard. The proposed document said the RRB with the largest business (total deposits and advances) among the amalgamating RRBs in a state would be the transferee RRB in that state. Also the sponsor bank of the transferee RRB, which has the largest business volume and branch network, would become the sponsor bank of the amalgamated RRB.

https://www.business-standard.com/economy/news/finmin-seeks-comments-from-sponsor-banks-on-proposed-rrb-amalgamation-124110401318_1.html

Banks form panel to take up bar on overlapping biz

Worried about systemic disruptions from the banking regulator's latest norms mandating one entity per group for undertaking any specific business, banks are setting up a high-level committee to escalate the issue with the government and other stakeholders, said people familiar with the matter. Banks are particularly concerned at the two-year window proposed for compliance, which they feel is very short as many of their subsidiaries are listed. In a meeting held last month, banks decided to form the committee for engaging on the issue, the people said.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/banks-form-panel-to-take-up-bar-on-overlapping-biz/articleshow/114955759.cms>

Incremental CD ratio moderates to 77.7%, lowest in nearly 30 months

The incremental credit-deposit (CD) ratio of the banking system has moderated to 77.7 per cent — lowest in nearly 30 months — as bank credit growth slowed down to 11.5 per cent in the fortnight ended October 18 and deposit growth outpaced credit growth at 11.7 per cent, according to Motilal Oswal's research report. In the meantime, outstanding CD ratio has moderated to 79 per cent from 80.3 per cent in March 2024. "This decline may appear small; however, it needs to be seen in the context of rising CD ratio at most PSU banks, thus implying faster restoration of skewed CD ratio at private banks," the research report said.

https://www.business-standard.com/finance/news/incremental-cd-ratio-moderates-to-77-7-lowest-in-nearly-30-months-124110401169_1.html

Income tax dept receives 6,500 suggestions on review of income tax act

The income tax department has received 6,500 suggestions from stakeholders over the past month on review of the Income Tax Act. Finance Minister Nirmala Sitharaman on Monday chaired a meeting on the Budget announcement of a comprehensive review of the Income Tax Act, 1961. The meeting was attended by Revenue Secretary Sanjay Malhotra, Secretary, Central Board of Direct Taxes (CBDT) chairman Ravi Agarwal, and senior CBDT officials.

https://www.business-standard.com/finance/news/income-tax-dept-receives-6-500-suggestions-on-review-of-income-tax-act-124110401230_1.html

Industry

PV inventory levels dip as sales pick up during festival season

Passenger vehicle inventory levels are expected to decrease substantially with an uptick in automobile sales. Bumper discounts offered by Original Equipment Manufacturers (OEMs) clubbed with offers from dealers have aided in the increase in car sales during the festival season.

<https://www.thehindubusinessline.com/companies/pv-inventory-levels-dip-as-sales-pick-up-during-festival-season/article68829339.ece>

PM E-DRIVE: Government starts disbursal of incentives amounting to ₹320 crore in first month of scheme

The government has disbursed around ₹320 crore to the electric two (e2W) and three-wheelers (e3W), and e-cart/rickshaw under the Prime Minister Electric Drive Revolution in Innovative Vehicle Enhancement (PM E-DRIVE) scheme, which started from October 1.

<https://www.thehindubusinessline.com/economy/pm-e-drive-government-starts-disbursal-of-incentives-amounting-to-320-crore-in-first-month-of-scheme/article68829715.ece>

Demand for design professionals in semiconductor GCCs dips in Q2: Report

Demand for design professionals in semiconductor global capability centres dropped by 7 per cent sequentially during the July-September quarter of 2024-25, driven by global macroeconomic challenges and the cautious hiring sentiments of large corporations, a report said on Monday. Semiconductor design global capability centres (GCC) account for approximately 4 per cent of India's total GCCs, with a growth rate of about 7 per cent in the last two decades. Talent solutions provider Careernet's report revealed that semiconductor GCCs saw a 7 per cent decline in open job positions in the second quarter of this financial year.

https://www.business-standard.com/industry/news/demand-for-design-professionals-in-semiconductor-gccs-dips-in-q2-report-124110400874_1.html

Mini packs, major dilemmas: FMCGs tackle shrinking margins, pricing woes

Fast-moving consumer goods (FMCG) firms are currently evaluating their entry price points of Rs 5 and Rs 10, burdened by escalating input costs and food inflation. Those unwilling to abandon the low-priced segment are contemplating a reduction in grammage due to significant increases in the prices of commodity inputs such as palm oil, coffee, and cocoa, which have risen by 50-60 per cent over the past year. "Rs 20 is becoming the new Rs 10," Krishnarao Buddha, Senior Category Head at Parle Products told The Financial Express. He noted that the Rs 20 price point currently contributes approximately 12-14 per cent to food companies' revenues, a figure expected to rise to about 25 per cent within the next three-to-four years as firms aim to expand this segment.

https://www.business-standard.com/industry/news/mini-packs-major-dilemmas-fmcgs-tackle-shrinking-margins-pricing-woes-124110400347_1.html

India's diamond units take longer Diwali break, get workers worried

Surat's diamond industry has declared a month-long closure till November 30 this year, instead of the usual 15 days around Diwali, amid tepid demand for natural diamonds from the US and China, its two biggest customers. The largest diamond hub of the country, Surat has about 5,000 diamond-cutting and polishing units, employing nearly 800,000 people. The industry has been reeling under sanctions imposed by the G7 countries on diamonds originating from Russia following the Russia-Ukraine war.

<https://economictimes.indiatimes.com/industry/cons-products/fashion/-/cosmetics/-/jewellery/indias-diamond-units-take-longer-diwali-break-get-workers-worried/articleshow/114956505.cms>

Agriculture

Robust kharif prospects, imports to moderate pulses prices

With the expected arrivals of chana from Australia and prospects of a robust kharif harvest, the government is aiming to bring down the prices of pulses, which have been at the elevated level for more than year, over the next few months. "While there has been an uptick in retail prices of pulses because of festive demand, wholesale prices have already started to moderate," an official with the department of consumer affairs told FE.

<https://www.financialexpress.com/policy/economy-robust-kharif-prospects-imports-to-moderate-pulses-prices-3655520/>

Energy

India to enhance power demand forecasting for improved grid stability

India is overhauling the way it forecasts electricity demand to ensure generation capacity matches what's needed and the grid remains stable with increasing volumes of clean energy. The government's Central Electricity Authority, or CEA, is seeking cooperation with weather agencies to access better environmental data and plans more frequent forecasts to account for unexpected events, said Ghanshyam Prasad, the chairperson of the planning body.

https://www.business-standard.com/economy/news/india-to-enhance-power-demand-forecasting-for-improved-grid-stability-124110400125_1.html

Subsidies to oil & gas sector reduce 85% to \$3.5 bn in 10 years: MNRE

Subsidies to the oil & gas sector saw a reduction of 85 per cent from a peak of \$ 25 billion in 2013 to \$ 3.5 billion by 2023, according to an official note on Monday. Since 2010, India has steadily reformed its fossil fuel subsidies, adopting a "remove, target, and shift" approach, the Ministry of New and Renewable Energy (MNRE) said. The ministry said, as per a report of Asian Development Bank (ADB), structured approach, including adjusting retail prices, tax rates, and subsidies on select petroleum products collectively reduced fiscal subsidies in the oil and gas sector by 85 per cent from a peak of \$ 25 billion in 2013 to \$ 3.5 billion by 2023.

https://www.business-standard.com/industry/news/subsidies-to-oil-gas-sector-reduce-85-pc-in-10-years-to-2023-mnre-124110401046_1.html

Diesel market flashes warning sign in India as growth slows

The diesel market in India is losing momentum as the pace of demand growth eases, casting a pall over the world's third-largest oil importer as the economy expands at a slower pace and consumption patterns shift. Sales of the fuel used to power trucks and farm machinery were flat at 7.64 million tons in October from a year earlier, according to preliminary oil ministry data. In the first 10 months of 2024, volumes expanded by just 1.8%, the slowest pace since 2020, when pandemic lockdowns hit demand.

<https://economictimes.indiatimes.com/industry/energy/oil-gas/diesel-market-flashes-warning-sign-in-india-as-growth-slows/articleshow/114964539.cms>

Global solar investments set to reach \$500 bn this year: Pralhad Joshi

Union Minister Pralhad Joshi on Monday asserted that global solar investments will touch USD 500 billion this year from the USD 393 billion level in 2023 and said it is the most affordable energy source in many regions, surpassing coal and gas. These investments are not only adding new capacity but also driving down the cost of energy from solar worldwide, Joshi, the minister of new and renewable energy, said addressing the inaugural session of 7th General Assembly of the International Solar Alliance (ISA).

https://www.business-standard.com/industry/news/global-solar-investments-set-to-reach-500-bn-this-year-pralhad-joshi-124110400288_1.html

States

Rajasthan govt steps up efforts to attract investment in mining sector

The Rajasthan government has announced a slew of measures to attract investment in the mining sector ahead of the 'Rising Rajasthan' Global Investment Summit 2024 to be held here from December 9 to 11, said a senior mining department official. The government is also likely to launch the Mineral Policy 2024 and M-Sand Policy 2024 to woo investors and enhance the sector's growth. It targets increasing the sector's contribution to Rajasthan's gross domestic product from 3.4 per cent to 5 per cent by FY30 and up to 8 per cent by FY47, while curbing illegal mining and ensuring environmental protection, the official said.

https://www.business-standard.com/industry/news/rajasthan-govt-steps-up-efforts-to-attract-investment-in-mining-sector-124110400966_1.html

Healthcare

Govt spends Rs 1.1L cr on free hospitalisation under PM-JAY

Since its launch in September 2018, the Pradhan Mantri Jan Arogya Yojana (PM-JAY) has provided over Rs 1.1 lakh crore in free hospitalisation benefits to beneficiaries, significantly enhancing healthcare accessibility for India's most vulnerable populations. According to the official data, more than 79 million individuals have benefited from PM-JAY scheme, which provides an annual health cover of Rs 5 lakh. The scheme was made available for 107 million poor households in the country since September 2018, covering the bottom 40% of India's population.

<https://www.financialexpress.com/policy/economy-govt-spends-rs-1-1l-cr-on-free-hospitalisation-under-pm-jaynbs-3655549/>

CDSCO may regulate health supplements to stem unapproved claims by firms

The alarming issue of exaggerated health claims associated with supplements will be under stricter scrutiny as a government panel proposes to shift it under the control of drug regulator instead of Foods Safety and Standards

Authority of India (FSSAI). The expert panel was earlier formed to look into addressing the overlapping concerns between nutraceuticals and drugs.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals/cdsco-may-regulate-health-supplements-to-stem-unapproved-claims-by-firms/articleshow/114956808.cms>

External

Indian rice lowest offer in Bangladesh tender for 50,000 T

The lowest price offered in the tender from Bangladesh's state grains buyer to buy 50,000 metric tons of rice that closed on Monday was assessed at \$477.00 a tonne CIF liner out for rice sourced from India, an official in Bangladesh and European traders said.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/indian-rice-lowest-offer-in-bangladesh-tender-for-50000-t/articleshow/114945367.cms>