



November 07, 2024 – Thursday

Economy

SBI economists see Q2 GDP growth slowing down to 6.5% this fiscal

Economists at the country's largest lender SBI on Wednesday said they see Q2 real GDP growth slowing down further to 6.5 per cent in the September quarter of this fiscal year. Amid concerns over the country's economic growth rate and if it is slowing down, the analysts said they expect FY25 growth to come "closer to" 7 per cent. It can be noted that the April-June period saw the real GDP expanding by 6.7 per cent, the lowest in 15 quarters. This led to a slew of analysts revising their expectations on growth to below 7 per cent for the fiscal and some also wonder if India is in a cyclical growth slowdown.

https://www.business-standard.com/economy/news/sbi-economists-see-q2-gdp-growth-slowing-down-to-6-5-this-fiscal-124110600917_1.html

Strong demand revives services PMI in Oct, job creation improves

Growth in India's dominant services industry picked up last month after dipping to a 10-month low rate in September amid a marked expansion in demand, according to a private business survey that on Wednesday also reported improved job creation in the sector. The headline Purchasing Managers' Index (PMI) figure, released by HSBC and compiled by S&P Global, improved to 58.5 in October from 57.7 in September. The index has been above the neutral 50-mark that separates contraction from expansion for the 39 months straight.

https://www.business-standard.com/economy/news/strong-demand-revives-services-pmi-in-oct-job-creation-improves-124110600396_1.html

Sep inflation was 5.5%; Oct may be higher: RBI Governor Shaktikanta Das

Reserve Bank of India (RBI) Governor Shaktikanta Das warned that inflation for October is likely to be higher than the 5.5 per cent recorded in September. Speaking to Tamal Bandyopadhyay, consulting editor at Business Standard, at India's largest banking, financial services, and insurance (BFSI) event, the Business Standard BFSI Insight Summit on Wednesday, Das assured that the RBI is prepared to act with "strength and agility," likening the Indian economy to a "tiger" for its resilience amid fluctuating global conditions.

https://www.business-standard.com/economy/news/sep-inflation-was-5-5-oct-may-be-higher-rbi-governor-shaktikanta-das-124110600570_1.html

India's focus should shift to job quality amid AI disruption, says CEA Anantha Nageswaran

India's job creation in India is progressing, but the spotlight should be on the quality of those jobs, particularly as artificial intelligence (AI) is changing labour dynamics," said Venkatramanan Anantha Nageswaran, Chief Economic Advisor speaking at Singapore FinTech Festival. "There is no issue with job creation itself," Nageswaran said referring to the evidence from sources like the Employees' Provident Fund Organization and private job indices. "I don't think job creation itself is an issue. What we're focused on is the quality of jobs being created," he said. "There's evidence, whether from the unemployment rate, registrations with the Employee Provident Fund, or private sector job indices that jobs are being created. But the real question is about the quality of those jobs, which is ultimately more important."

<https://economictimes.indiatimes.com/news/economy/policy/focus-should-shift-to-job-quality-amid-ai-disruption-says-cea-anantha-nageswaran/articleshow/115013417.cms?from=mdr>

Cabinet approves PM-Vidyalaxmi to provide aid to meritorious students

The Union Cabinet on Wednesday approved the PM-Vidyalaxmi scheme to provide monetary support to meritorious students in the form of education loans in both public and private institutions. Under the scheme, any meritorious student who gets admission to quality higher educational institutions will be eligible for a collateral-free and guarantor-free loan from banks and financial institutions. The loans will cover the full tuition fees and other expenses related to the course. According to a government communication, an outlay of Rs 3,600 crore has been set aside for 2024-25 to 2030-31. The scheme is expected to cover over 2.2 million students who can potentially avail PM-Vidyalaxmi benefits every year.

https://www.business-standard.com/economy/news/cabinet-approves-pm-vidyalaxmi-to-provide-aid-to-meritorious-students-124110601590_1.html

Finance

RBI makes changes to KYC norms to align it with money laundering rules

The Reserve Bank on Wednesday made changes to the Know Your Customer (KYC) norms to align them with recent amendments carried out in the Prevention of Money Laundering (Maintenance of Records) Rules and revised certain existing instructions. According to the Amendment to the Master Direction - Know Your Customer (KYC) Direction, 2016, regulated entities (REs) will have to apply the customer due diligence (CDD) procedure at the unique customer identification code (UCIC) level.

https://www.business-standard.com/finance/news/rbi-makes-changes-to-kyc-norms-to-align-it-with-money-laundering-rules-124110601656_1.html

Finance Ministry asks PSU banks to take steps to meet loan targets for agri-allied sector

The finance ministry has asked public sector banks (PSBs) to meet loan targets for the agri-allied sector during the current financial year. Department of Financial Services Secretary M Nagaraju in a meeting held on Tuesday reviewed the progress of credit disbursement to agri-allied activities like animal husbandry, dairying and fisheries with Public Sector Banks (PSBs), NABARD and State/ UT Level Bankers' Committee.

<https://economictimes.indiatimes.com/news/economy/agriculture/finance-ministry-asks-psu-banks-to-take-steps-to-meet-loan-targets-for-agri-allied-sector/articleshow/115017913.cms>

Irdai proposes changes to IAC meeting frequency, notice period, structure

The Insurance Regulatory and Development Authority of India (Irdai) has recommended changes in how the Insurance Advisory Committee (IAC) advises it on regulatory matters. As per the proposed norms, the IAC will have flexibility in the number of meetings it conducts, rather than a fixed schedule, and will use the financial year instead of the calendar year to determine the number of meetings. The IAC comprises members representing various sectors, including commerce, industry, agriculture, and consumers, along with the chairperson and members of Irdai as ex officio members.

https://www.business-standard.com/finance/news/irdai-proposes-changes-to-iac-meeting-frequency-notice-period-structure-124110601645_1.html

Digital payment's rise leads to shutting of ATMs

Despite the cash in circulation being at an all-time high, banks are shutting down more automatic teller machines and cash recycler machines than they are opening, amid the increasing focus on digital transactions and consumer preference towards UPI for carrying out routine payments. At the end of September 2024, India had 215,000 ATMs versus 219,000 a year earlier, as per data from the Reserve Bank of India.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/digital-paymentss-rise-leads-to-shutting-of-atms/articleshow/115029507.cms>

Industry

Auto retail sales up 32% in Oct as 2W, PVs shine in festive season

Automobile retail sales increased 32 per cent in October from the year before, helped by festival demand, especially for two wheelers and passenger vehicles, said a dealers' association on Wednesday. October clocked overall retail sales of 2.83 million, the second highest number after 2.85 million in November 2023, according to data from the Federation of Automobile Dealers Association (FADA). Two wheeler (2W) sales increased 36 per cent and passenger vehicle (PV) 32 per cent in October.

https://www.business-standard.com/industry/auto/festive-season-push-auto-retail-sales-up-32-two-wheelers-pvs-shine-124110600528_1.html

Fssai to meet on Nov 7-8 to discuss food safety issues on e-com platforms

Food Safety and Standards Authority of India (FSSAI) will hold meeting of its Central Advisory Committee (CAC) on November 7-8 to discuss food safety issues on e-commerce platforms among others challenges. The meeting, to be held under the chairmanship of FSSAI's CEO G Kamala Vardhana Rao, will see participation of food commissioners from all states/Union Territories or their representatives. According to sources, the CAC meeting will be held on November 7-8 to discuss various issues, including how to strengthen surveillance and testing of food products across all states to ensure food safety.

https://www.business-standard.com/india-news/fssai-to-meet-on-nov-7-8-to-discuss-food-safety-issues-on-e-com-platforms-124110601467_1.html

IT firms bullish on higher spending due to tax cuts

Barring apprehensions on the possibility of a tighter H1-B visa norms, IT services firms seem to be upbeat with the victory of Donald Trump, in the hope that policies pursued by him would lead to higher discretionary spending by enterprises. Analysts said that the US has a lot of work to do in sectors like banking and healthcare, which are currently under penetrated. Manufacturing is also facing challenges, so, the expectation is that IT project spending would rise. Most enterprises are already holding discussions with IT firms about their next year's budget, which is expected to be finalised in the next two-three months.

<https://www.financialexpress.com/business/industry-it-firms-bullish-on-higher-spending-due-to-tax-cuts-3658352/>

July-Sept wearables shipment down 30% as brands clear inventory

Dwindling demand for wearables seeped into the festive season as well, with brands cutting down on shipments and even the number of models in the market to clear piled-up inventory. Shipments declined 30% from a year earlier in the July-September quarter when brands generally stock up heavily for the festive period. Wearable brands cut down on shipments amid a glut in demand driven by an increase in the replacement cycle and a general apathy towards basic smartwatches, industry executives and market trackers said.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/july-sept-wearables-shipment-down-30-as-brands-clear-inventory/articleshow/115027632.cms>

India's electronics manufacturers eye a Trump boost

Donald Trump's second term as US president could boost India's burgeoning electronics manufacturing industry as Washington is expected to erect a tariff wall to keep Chinese shipments out of consumer shelves, making it imperative for sourcing managers to look beyond the current factory to the world.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/indias-electronics-manufacturers-eye-a-trump-boost/articleshow/115027321.cms>

Agriculture

Cabinet approves equity infusion of Rs 10,700 crore in Food Corporation of India

The Union Cabinet has approved the infusion of equity of Rs 10,700 crore for working capital in financial year 2024-25 in Food Corporation of India (FCI). During a cabinet briefing, Union Minister of Information and Broadcasting of India, Ashwini Vaishnaw said, "Cabinet approves infusion of equity of Rs 10,700 crore for working capital in financial year 2024-25 in Food Corporation of India (FCI). This is a significant step towards enhancing the operational capabilities of FCI in fulfilling its mandate effectively."

<https://www.financialexpress.com/policy/economy-cabinet-approves-equity-infusion-of-rs-10700-crore-in-food-corporation-of-india-3658003/>

ISMA pegs India's 2024-25 sugar production at 33.3 million tonnes

The Indian Sugar and Bio-Energy Manufacturers Association (ISMA) has released its first estimate for 2024-25 season (October-September), according to which the net sugar production is likely to be 29.3 million tonnes (mt), lower than 31.96 mt in the previous season. According to ISMA, the gross production of sugar may be 33.3 mt (before diversion), which is same as was released in the preliminary estimate in July. In the last sugar season, the gross production was 34.1 mt, it said.

<https://www.thehindubusinessline.com/economy/agri-business/isma-pegs-indias-2024-25-sugar-production-at-333-million-tonnes/article68837466.ece>

Fertilizer sales hold steady as imports fall, production up 2% in H1

The government has successfully maintained fertilizer sales at the same level as last year during the first six months of the current fiscal, while imports of urea, Di-ammonium phosphate (DAP), Muriate of Potash (MOP) and complex together falling 29 per cent. Production of fertilizers registered 2 per cent growth in April-September period, latest official data show. According to latest data, urea imports in April-September period of current fiscal dropped 26.3 per cent to 16.66 lakh tonnes (lt) from 22.59 lt in the previous year. Similarly, imports of other fertilizers have also recorded a fall – Complex by 13.6 per cent to 10.97 lt, DAP 42.1 per cent to 19.67 lt and MOP 13.3 per cent to 11.12 lt.

<https://www.thehindubusinessline.com/economy/agri-business/fertilizer-sales-hold-steady-as-imports-fall-production-up-2-in-h1/article68837204.ece>

Infrastructure

Shipping sector may get 'infrastructure' tag by govt for wider financial aid

The government could grant infrastructure status to the entire shipping sector, including all kinds of ships and vessels, said people aware of the development. While the shipping ministry had sought the tag only for coastal vessels, the finance ministry is examining a proposal for a wider coverage, they said. The finance ministry has begun consultations with banks and financial institutions, including the National Bank for Financing Infrastructure and Development, a move that will allow the shipping industry to access other forms of financial assistance and concessions, the people said.

<https://economictimes.indiatimes.com/industry/transportation/shipping/-/transport/shipping-sector-may-get-infrastructure-tag-by-govt-for-wider-financial-aid/articleshow/115027909.cms>

Energy

Higher GST rates, land acquisition key barriers for solar PV deployment in India: ISA

India is facing barriers such as higher goods and services tax (GST) and issues with land acquisition that are hindering deployment of additional capacities in the world's fourth largest country in the renewable energy (RE) market in terms of installed capacity, the International Solar Alliance (ISA) said in a report. "Indian government raised the GST on essential solar project components like cells and modules from 5 per cent to 12 per cent starting October 1, 2021, elevating overall project taxes from 8-9 per cent to 12-13 per cent, with an impending surge to around 30 per cent due to a 40 per cent customs duty on imported solar modules effective April 1, 2022," the ISA report, launched on Tuesday, revealed.

<https://www.thehindubusinessline.com/economy/higher-gst-rates-land-acquisition-key-barriers-for-solar-pv-deployment-in-india-isa/article68837185.ece>

India's battery storage boom: 12-fold growth expected by FY32 with 60 GW capacity

India's Battery Energy Storage System (BESS) ecosystem is on the cusp of unprecedented growth, with a funding opportunity estimated at ₹3.5 lakh crore by FY2032. This growth is expected to be accelerated in the medium term by an additional ₹80,000 crore in investments, largely driven by capital expenditures in cell manufacturing, according to a report by SBI Capital Markets. This massive opportunity spans both project-level and upstream investments,

supported by solid Power Purchase Agreements (PPA) and Power Sale Agreements (PSA) with credible DISCOMs, and tailored project models and cell technologies.

<https://www.thehindubusinessline.com/news/national/indias-battery-storage-ecosystem-a-35-trillion-funding-opportunity-driven-by-bess-and-ppsp-expansion/article68835865.ece>

India's petrochemical sector to grow over three-fold to USD 1 trillion by 2040: Hardeep Puri

India's petrochemical sector is on track to touch USD 300 billion next year, with the potential to reach upwards of USD 1 trillion in 2040, Union Minister for Petroleum and Natural Gas Hardeep Singh Puri. India is transforming into a global petrochemical powerhouse under Prime Minister Narendra Modi's leadership, said the minister in an X post, attaching a video highlighting the works that are underway and or are in the plans.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/petrochem/indias-petrochemical-sector-to-grow-over-three-fold-to-usd-1-trillion-by-2040-hardeep-puri/articleshow/115020200.cms?from=mdr>

Telecom

Recommendations on satcom to be brought out soon: Trai Chairman Lahoti

The Telecom Regulatory Authority of India (Trai) will soon bring out its recommendations on satellite spectrum, which is likely to involve details including the methodology of allocation and frequencies to be used, Trai Chairman Anil Kumar Lahoti said on Wednesday. Speaking at the Indian Space Conclave, organised by Indian Space Association (ISpA), Lahoti said under the Indian Space Policy, private sector participation is encouraged, creating a level playing field and fostering innovation in non-terrestrial networks (NTNs) for global communication.

https://www.business-standard.com/industry/news/recommendations-on-satcom-to-be-brought-out-soon-trai-chairman-lahoti-124110601479_1.html

States

ADB commits \$200 mn to upgrade water supply, other services in Uttarakhand

Government of India and the Asian Development Bank on Wednesday signed a \$ 200 million (about Rs 1,680 crore) loan to help upgrade water supply, sanitation, mobility, and other urban services in Uttarakhand. The signatories to the loan agreement for the Uttarakhand Livability Improvement Project were Juhi Mukherjee, Joint Secretary, Department of Economic Affairs, Ministry of Finance and Mio Oka, country director of India Resident Mission, for ADB, a joint statement said.

https://www.business-standard.com/india-news/adb-commits-200-mn-to-upgrade-water-supply-other-services-in-uttarakhand-124110601672_1.html

Healthcare

NPPA asks companies to cut prices of three cancer drugs post tax relief

After the government announced Customs duty exemption and a reduction in GST rates on three key cancer drugs in the budget, the National Pharmaceutical Pricing Authority (NPPA) has directed drug manufacturers to reduce the MRP on these drugs to pass on the benefit to the consumer. Earlier, the government had lifted the customs duty from Trastuzumab Deruxtecan, Osimertinib, and Durvalumab - the three key cancer drugs previously subject to 10% Customs duty.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals/nppa-asks-companies-to-cut-prices-of-three-cancer-drugs-post-tax-relief/articleshow/115028713.cms>

External

'Higher tariffs on Indian pharma, auto likely under Trump's America First'

With Donald Trump all set to become US president, Indian exporters may face high customs duties for goods like automobiles, textiles and pharmaceuticals if the new US administration decides to pursue the America First' agenda, opined trade experts. Experts also said that Trump could also tighten H-1B visa rules, impacting costs and growth for Indian IT firms.

https://www.business-standard.com/external-affairs-defence-security/news/higher-tariffs-on-indian-pharma-auto-likely-under-trump-s-america-first-124110601332_1.html

India and Guyana: A Strategic Partnership Driving Economic Growth and Energy Security

As Guyana experiences a profound economic transformation sparked by its offshore oil discovery in 2019, India sees vast potential for collaboration in the areas of energy, infrastructure, and more. The two nations, already benefiting from robust economic ties, are exploring new avenues to deepen their partnership. Ahead of Prime Minister Narendra Modi's anticipated visit to Guyana, Dr Amit Telang, India's High Commissioner to Guyana, Antigua & Barbuda, and St. Kitts & Nevis, discussed the promising trajectory of Indo-Guyanese relations and the vast opportunities in the oil, energy, healthcare, and educational sectors.

<https://www.financialexpress.com/policy/economy/india-and-guyana-a-strategic-partnership-driving-economic-growth-and-energy-security/3658103/>

India's vegetable oil imports seen lower in 2024-25, industry group says

India's vegetable oil imports are estimated to decline further in the 2024-25 season to 15 million metric tons, as favourable weather will likely boost domestic production, an industry group said. India, the world's biggest vegetable oils importer, is estimated to have imported 16 million tons in the 2023-24 season that ended in October, said B V Mehta, executive director of The Solvent Extractors' Association of India. In the previous year, the country had imported 16.5 million tons.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/indias-vegetable-oil-imports-seen-lower-in-2024-25-industry-group-says/articleshow/115036088.cms>

Rising exports keep companies upbeat amid local lull

Exports have been a saviour for automobile companies and consumer goods manufacturers hit hard over the last three-four quarters due to a consumption slowdown in India. The trend is set to continue-chief executives said the outlook for overseas sales is improving even further. This has shielded segments such as automakers, among the worst affected this year in terms of domestic sales, from production cuts. Some industries such as garments are even embarking upon increased capital expenditure, thanks to booming exports.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/rising-exports-keep-companies-upbeat-amid-local-lull/articleshow/115028373.cms>