



November 19, 2024 – Tuesday

Economy

Urban unemployment rate hits fresh low of 6.4% in Q2 FY25: PLFS data

In a positive sign, the urban unemployment rate in the September quarter of the current financial year (Q2FY25) declined to a fresh low of 6.4 per cent since the data was started to be compiled in 2017, due to a sharper dip in female unemployment rate, according to the quarterly Periodic Labour Force Survey (PLFS) data for urban India released by the National Statistical Office (NSO) on Monday. The joblessness rate in Q1FY25 had declined to 6.6 per cent from a four-quarter high of 6.7 per cent in Q4FY24.

https://www.business-standard.com/economy/news/urban-unemployment-rate-dips-to-6-4-in-september-quarter-shows-nso-data-124111800888_1.html

Public procurement norms may be tweaked to aid makers under PLI

The government is examining tweaking its public procurement norms to aid manufacturers under the production-linked incentive (PLI) schemes. The government is assessing the idea to offer the benefit of deemed local supplier status to a company that gets an item manufactured by its contract manufacturer, who is a beneficiary under the PLI schemes.

<https://economictimes.indiatimes.com/news/economy/policy/public-procurement-norms-may-be-tweaked-to-aid-makers-under-pli/articleshow/115427408.cms>

Economy likely to grow 6.7% in FY25 due to weaker Q2 performance: Report

The Indian economy is expected to grow by 6.7% in 2024-25 due to weaker performance in the second quarter, according to a report released by Morgan Stanley on Monday. The global investment bank has revised its projection from 7% earlier. High frequency indicators for July-September have shown weak growth, such as goods and services tax (GST) collections falling to a 40-month low in September, core sector output declining in August, manufacturing Purchasing Managers' Index (PMI) declining to an eight-month low and moderating passenger vehicle and two-wheeler sales, said the report titled '2025 India Economic Outlook-Domestic Demand to Carry Growth Baton'.

<https://economictimes.indiatimes.com/news/economy/indicators/economy-likely-to-grow-6-7-in-fy25-due-to-weaker-q2-performance-report/articleshow/115427479.cms>

Finance

Govt pushes back on key RBI proposals fearing hit to credit growth

The central government is pushing back on two key proposals of the Reserve Bank of India (RBI), which will require banks to set aside more funds for infrastructure projects and hold more liquid assets against online deposits, a government source told Reuters. The central bank in May proposed banks set aside 5% of the loans given to infrastructure projects that are under construction, pushing banks to approach the government on concerns over a rise in the cost of funding such projects.

<https://economictimes.indiatimes.com/news/economy/policy/govt-pushes-back-on-key-rbi-proposals-fearing-hit-to-credit-growth/articleshow/115421346.cms>

Cost of borrowing stressful, banks must make interest rates affordable: FM

Union Finance Minister Nirmala Sitharaman on Monday said people are finding current interest rates "very stressful" and urged banks to make them affordable. Speaking at an event organised by SBI, the finance minister said that at present, India requires industry to ramp up and invest in new facilities, and added that lowering lending rates can help achieve the "Viksit Bharat" aspiration. "What is important is when you look at India's growth requirements, and you can have so many different voices coming out and saying the cost of borrowing is really very stressful, and a time when we want industries to ramp up and move (to) building capacities, bank interest rates will have to be far more affordable," Sitharaman said.

https://www.business-standard.com/industry/banking/cost-of-borrowing-stressful-banks-must-make-interest-rates-affordable-fm-124111800783_1.html

Gold loans may soon come with monthly payment plans

After the Reserve Bank of India (RBI) pointed out deficiencies in gold loan disbursements by banks and gold loan companies, the industry is now planning to introduce monthly amortisation plans. Under this, regulated entities could ask consumers to begin paying interest and principal in equated monthly instalments as soon as the loan resumes. Lenders are also exploring the term loan route to give loans against gold.

<https://economictimes.indiatimes.com/industry/banking/finance/gold-loans-may-soon-come-with-monthly-payment-plans/articleshow/115426955.cms>

GST Appellate Tribunal to start operations by the end of FY25: Revenue Secy

Revenue Secretary Sanjay Malhotra on Monday said the Goods and Services Tax Appellate Tribunal (GSTAT) is in the final stages of operationalisation and should start functioning by the end of this financial year. GSTAT is a body set up for resolving GST-related disputes. "On the GST side, there have been questions about the operationalisation of the GST Appellate Tribunal. I would like to assure you that we are now at the final stages of operationalising the GSTAT. Hopefully, it should start functioning and hearing cases by the end of this financial year," Malhotra said during the State Bank of India's (SBI's) annual business and economic conclave.

https://www.business-standard.com/economy/news/gst-appellate-tribunal-to-start-operations-by-the-end-of-fy25-revenue-secy-124111801173_1.html

Buoyed by strong GST collections, states' borrowing drops

In an unusual scenario, state governments' fundraising has sharply declined in the second half of the financial year. Bond market players attribute this to robust tax and goods and services tax (GST) collections, along with strong fiscal growth in the states. As a result, there has been a lower supply of bonds from the states. As a result, the spread between state government securities and government bonds narrowed to 20 basis points for short-term securities, from earlier, 30-35 bps. While the gap between the 10-year state government bond and the 10-year government bond fell to 23 bps from 37 bps. Usually, in the second half of the financial year, states borrow higher than the borrowing amount given in the indicative calendar. From April to September, states raised `3.7 lakh crore.

<https://www.financialexpress.com/policy/economy-buoyed-by-strong-gst-collections-states-borrowing-drops-3667523/>

DIPAM issues revised capital restructuring norms for CPSEs

The Finance Ministry on Monday came out with revised guidelines for capital restructuring by CPSEs, mandating them to pay a minimum of 30 per cent of net profit or 4 per cent of the net worth, whichever is higher as an annual dividend. As per the guidelines issued by the Department of Investment and Capital Asset Management (DIPAM), financial sector CPSEs like NBFCs may pay a minimum annual dividend of 30 per cent of PAT subject to the limit, if any, under any extant legal provisions. The revised guidelines also said CPSEs, whose market price of the share has been less than the book value consistently for the last six months, and have a net worth of at least Rs 3,000 crore and cash and bank balance of over Rs 1,500 crore may consider the option to buy back their shares.

<https://economictimes.indiatimes.com/news/economy/policy/dipam-issues-revised-capital-restructuring-norms-for-cpses/articleshow/115424464.cms>

In a first, TN suggests to 16th finance panel an 'income distance' norm for devolution

The Tamil Nadu government has asked the 16th Finance Commission to adopt a different method of measuring per capita income, from nominal to purchase power parity, while calculating the biggest criterion for devolution of funds between the Centre and the State, namely, 'income distance'. This is the first time that any State has made this suggestion.

<https://www.thehindubusinessline.com/economy/in-a-first-tn-suggests-to-16th-finance-panel-an-income-distance-norm-for-devolution/article68882854.ece>

Industry

Deficit of 10 million professionals & counting: Electronics companies struggle with talent shortage

India's burgeoning electronics manufacturing industry faces a pressing deficit of 10 million trained professionals, while the sector's 25-30% compounded growth rate is expected to generate 12 million jobs by 2027-28, according to a report released by TeamLease Services on Monday. The industry has identified a critical talent gap in specialised fields such as communication and broadcast electronics, consumer electronics, industrial electronics, and aerospace and defence electronics, said the recruitment and human resources services company.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/10-million-counting-electronics-cos-struggle-with-talent-shortage/articleshow/115427302.cms>

Indian GCC industry to hit \$100 billion by 2030, generate over 2.5 mn jobs

India's global capability centres (GCCs) are projected to become a \$100 billion industry by 2030, employing over 2.5 million professionals, according to a recent report. The study, titled "India's GCC Landscape: A Strategic Pathway for Mid-Sized Aspirational Corporations to Scale Beyond", highlights India's position as a hub for over 1,700 GCCs. These centres collectively generate around \$64.6 billion in annual revenue while employing 1.9 million professionals across diverse operational areas.

https://www.business-standard.com/industry/news/indian-gcc-industry-to-hit-100-billion-by-2030-generate-over-2-5-mn-jobs-124111800755_1.html

Port delays and red tape strain India's 10,000 steel user units: GTRI

Over 10,000 steel user units are facing a crisis due to prolonged port delays and burdensome regulatory requirements, and the government should look at streamlining import processes and digitise systems to help the sector, think tank GTRI said on Monday. The Global Trade Research Initiative (GTRI) also said that policies aimed at protecting domestic steelmakers, including import restrictions and quality control measures, have unintentionally penalised industries dependent on imported steel.

https://www.business-standard.com/industry/news/port-delays-and-red-tape-strain-india-s-10-000-steel-user-units-gtri-124111800475_1.html

Tyre makers expected to see 7%-8% revenue growth this fiscal: CRISIL

Tyre makers are expected to see a 7-8 per cent topline growth during the current fiscal, driven by a 3-4 per cent increase in realisations and volume, ratings agency Crisil Ratings said on Monday. This would be for the second consecutive year that the estimated revenue growth for the tyre manufacturer will be in single digit (albeit nearly double than that of last fiscal) and after logging a compound annual growth rate of 21 per cent between fiscals 2021 and 2023, Crisil Ratings said. It also said that realisation growth will be staggered throughout the fiscal as companies are raising prices gradually to offset the surge in the cost of natural rubber.

https://www.business-standard.com/industry/news/tyre-makers-expected-to-see-7-8-revenue-growth-this-fiscal-crisil-124111800401_1.html

ICRA cuts PV factory dispatch outlook down to 0-2% on high inventory level

Rating agency Icri on Monday revised downwards the outlook for passenger vehicle factory dispatches to showrooms in the current fiscal on account of high inventory levels. Despite good retail sales, a year-on-year growth of 6 per cent in April-October FY2025 partially on account of an early festive season, the high inventory levels for the industry curtailed wholesale volume growth, as per a report on the domestic automotive industry by the domestic

ratings agency. "Icra has thus revised the outlook for the wholesale volume growth for the industry in FY2025 downwards to 0-2 per cent," it added.

https://www.business-standard.com/industry/auto/icra-cuts-pv-factory-dispatch-outlook-down-to-0-2-on-high-inventory-level-124111800950_1.html

New-age companies seek growth areas as urban consumption slump grips

A slowdown in urban consumption is hitting new-age companies in sectors such as beauty, wearables, logistics, ecommerce and used-car sales, which are now seeking to ramp up growth by focusing on new areas of business. Delhivery chief executive Sahil Barua flagged the slowdown in broader consumption, telling analysts during the firm's earnings call last week that the trend has now trickled to ecommerce. To counter tepid demand, the logistics firm is attempting to chase new growth areas such as quick-commerce, regional and air logistics. The slump has exposed pain points for multiple new-age beauty brands. Mamaearth posted a loss in its second quarter, even as its stock hit a 52-week low on Monday reacting to the weak results. The Gurugram-based brand, which is undergoing a restructuring of its offline supply chain, said it was clocking slower-than-expected growth and that it needed to recalibrate the strategy for its flagship brand to grow.

<https://economictimes.indiatimes.com/tech/technology/new-age-companies-seek-growth-areas-as-urban-consumption-slump-grips/articleshow/115427348.cms>

Small, homebred wearables brands exiting market due to narrow margin, Chinese competition

A number of home-bred wearables brands such as Play, Wings, Vingajoy and Riversong have exited what was the fastest-growing consumer electronics segment since the pandemic amid a glut in demand for smartwatches. Small Indian brands, which generally import white-labelled, or unbranded, smartwatches from China in high volumes and sell them here, are unable to sustain low margins in the market, said industry watchers. Also, amid a tough sell for homegrown brands, Chinese handset makers are aggressively re-entering the market, smelling an opportunity.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/small-wearables-brands-exit-market-as-low-margins-hurt/articleshow/115427514.cms>

Agriculture

India's rice procurement deficit down on higher Nov purchases

Over 5 per cent rise in rice procurement this month has helped the government to narrow the 20 per cent gap to 11 per cent so far this season. Rice procurement, which commenced on October 1, was 148.93 lakh tonnes (lt) as of November 17 against 166.86 lt a year ago. The rice procurement was down by 20 per cent until October 31 and 48 per cent lower until October 15.

<https://www.thehindubusinessline.com/economy/agri-business/indias-rice-procurement-deficit-down-on-higher-nov-purchases/article68882516.ece>

Icrier study pegs PDS leakage at ₹69,108 cr, suggests cash transfer

The leakage of foodgrains distributed free of cost to over 81 crore people by the Centre has been estimated at about ₹69,108 crore. This is equivalent to almost 20 million tonnes (mt) of rice and wheat, according to a study titled "Rationalising Public Distribution System in India" released by policy advocacy group Icrier.

<https://www.thehindubusinessline.com/economy/agri-business/icrier-study-pegs-pds-leakage-at-69108-cr-suggests-cash-transfer/article68882747.ece>

Infrastructure

Rs 30,000 crore maritime development fund to help shipbuilding

The government will soon set up a ₹30,000 crore Maritime Development Fund to support shipbuilding and repair clusters, according to union ports, shipping and waterways minister Sarbananda Sonowal. This move will supplement the ₹1.5 lakh crore upgrade plan for the ports sector for the next five years, which includes development of six deep draft ports, two transshipment hubs as well as green and smart ports.

<https://economictimes.indiatimes.com/industry/transportation/shipping/-transport/rs-30000-crore-maritime-development-fund-to-help-shipbuilding/articleshow/115427347.cms>

Realty players eye substantial growth in H2 FY25 after sedate first half

After a lull in H1, real estate players are gearing up for a revival with multiple launches in the second half of FY25. Major realty players based in Bengaluru outlined their expansion plans in the post-earnings conference call.

<https://www.thehindubusinessline.com/news/real-estate/realty-players-eye-substantial-growth-in-h2-fy25-after-sedate-first-half/article68882252.ece>

Energy

Fuel stock at coal-based plants up 52% this Winter

Domestic coal-based power plants have significantly higher coal stocks this winter season compared to last year, driven by better planning, increased coal production and enhanced rake supply, government officials said. Higher availability of coal has led to sufficient base load capacity in the last few months and will help meet upcoming winter peak demand, they said.

<https://economictimes.indiatimes.com/industry/energy/power/fuel-stock-at-coal-based-plants-up-52-this-winter/articleshow/115427719.cms>

States

Rajasthan govt to train NREGA, agricultural workers for better livelihoods

The Rajasthan government is developing a plan to equip the National Rural Employment Guarantee Act (NREGA) and agricultural labourers with better skills in a bid to improve their livelihoods, a senior official said. According to the official, many rural workers in Rajasthan primarily engage in agricultural work and take up NREGA jobs or travel to nearby urban areas and other states for work. However, most of them are unskilled and lack expertise beyond agriculture tasks, the official said.

https://www.business-standard.com/economy/news/rajasthan-govt-to-train-nrega-agricultural-workers-for-better-livelihoods-124111800752_1.html

External

Trade between 2 nations \$15 bn: India-Brazil Chamber of Commerce official

Executive Director of India-Brazil Chamber of Commerce Leonardo Ananda Gomes highlighted the successful bilateral trade between the two countries, which as of now has crossed the \$15 billion mark. Speaking to ANI on Sunday, Gomes also highlighted Prime Minister Narendra Modi's "strong relationship" with Brazil President Luiz Inacio Lula da Silva. "Now the trade between India and Brazil is \$15 billion, in our opinion we are just starting. There is a huge potential to explore. We are always hosting Indian delegations here in Brazil," Gomes told ANI.

https://www.business-standard.com/economy/news/trade-between-2-nations-15-bn-india-brazil-chamber-of-commerce-official-124111800057_1.html

Laptop import cut of 5% in works; govt wants no supply disruption

As the Union government explores ways to restrict import of laptops and other electronic devices starting with a 5 per cent reduction from the current level, it is working to ensure that there's no supply disruption in India even if an import cap is introduced, it is learnt. The caveat assumes significance in the context of the government's announcement of its plan in August 2023 to issue licences for import of select IT hardware products to reduce the country's dependence on China.

https://www.business-standard.com/economy/news/laptop-import-cut-of-5-in-works-govt-wants-no-supply-disruption-124111700685_1.html

UK to relaunch trade talks with India, seeks 'new strategic partnership'

Britain will restart talks with India on a free trade deal in the new year, Prime Minister Keir Starmer's office said on Monday, following a months-long pause in negotiations due to elections in both countries. London will seek a "new strategic partnership" with India as well as deepening co-operation in areas like security, education, technology, and climate change, Starmer's office said after he met his Indian counterpart, Narendra Modi, at the G20 summit in

Brazil. "A new trade deal with India will support jobs and prosperity in the UK," Starmer, whose Labour Party was elected to power in July, said.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/uk-to-relaunch-trade-talks-with-india-seeks-new-strategic-partnership/articleshow/115432239.cms>

Services tax surplus and robust remittances may help India in overcoming tariff hikes by US: CRISIL

The tariff hikes proposed by Donald Trump may pose threat to India's exports but the country's surplus in services trade and robust remittances flow may provide comfort, highlighted a report by CRISIL. The report stated that India's export sector is navigating multiple challenges, including geopolitical uncertainties and these factors could pose risks to India's export performance. It said "the surplus in services trade and robust remittances flow provide some comfort and should help keep the current account in safe zone".

<https://economictimes.indiatimes.com/news/economy/foreign-trade/services-tax-surplus-and-robust-remittances-may-help-india-in-overcoming-tariff-hikes-by-us-crisil/articleshow/115433456.cms>

India's FTA with Oman hits deadlock over revision in market access offer

The proposed free trade agreement (FTA) between India and Oman has hit a deadlock, as the West Asian nation has asked New Delhi to revise its market access offer on certain products. Government officials said that the negotiations were completed earlier in March and revising India's offer would mean restarting inter-ministerial consultations to firm up India's revised stance. "India is not ready to restart discussions after already seeking inter-ministerial approval in the past," a person aware of the told Business Standard.

https://www.business-standard.com/economy/news/india-s-fta-with-oman-hits-deadlock-over-revision-in-market-access-offer-124111700288_1.html