



December 05, 2024 – Thursday

Economy

Services PMI falls marginally to 58.4 in Nov, job creation improves

Growth in India's dominant services sector dipped in November as new orders and output receded, while consistent demand led to a rise in business sentiment and "hiring surge", said a business survey on Wednesday. The headline Purchasing Managers' Index (PMI) figure, compiled by S&P Global and released by HSBC, was 58.4 in November, almost unchanged from 58.5 in October but lower than a preliminary estimate of 59.2. The index has been above the neutral 50-mark that separates contraction from expansion for the 40th month straight.

https://www.business-standard.com/economy/news/services-pmi-falls-marginally-to-58-4-in-nov-job-creation-improves-124120400300_1.html

Govt working on centralised data repository for state welfare schemes

India plans to create a centralised repository of data on welfare schemes run by state governments and their beneficiaries, keen to strengthen data availability and quality from the country, officials said. The move is part of a wider roadmap on improving quality of data in the country, which was formed by the ministry of statistics and programme implementation or MOSPI in discussion with the prime minister's office.

<https://economictimes.indiatimes.com/news/economy/policy/govt-working-on-centralised-data-repository-for-state-welfare-schemes/articleshow/115980948.cms>

Is India's food inflation being measured correctly? EAC-PM member Nilesh Shah weighs in

Nilesh Shah, managing director and CEO of Kotak Mutual Fund, shared his views on the complexities surrounding food inflation and its role in economic policy during a recent event. Shah, also a part-time member of the Economic Advisory Council to the Prime Minister, questioned the way food inflation is being calculated and included in policymaking. Shah raised concerns about whether the free food distributed to over 80 crore Indians under the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) is accounted for when measuring food inflation. The program, which provides free or subsidised food grains to a vast segment of the population, could impact the headline food inflation number, Shah suggested.

<https://economictimes.indiatimes.com/news/economy/policy/is-indias-food-inflation-being-measured-correctly-eac-pm-member-nilesh-shah-weighs-in/articleshow/115975793.cms>

Nomura expects RBI to cut rates by 100 bps this cycle

Japanese investment bank Nomura expects the RBI to deliver deeper rate cuts of 100 bps, starting in December 2024, more than the consensus view of a 50 bps cuts. The investment bank has also scaled down the GDP forecast for FY'25 to 6 percent, below consensus of 6.9 percent for the year and the central bank's forecast of 7.2 percent made in its October policy statement.

<https://economictimes.indiatimes.com/news/economy/policy/nomura-expects-rbi-to-cut-rates-by-100-bps-this-cycle/articleshow/115974445.cms>

OECD raises India's FY25 growth forecast to 6.8%

The Organization for Economic Co-operation and Development (OECD) Tuesday raised India's economic growth forecast for 2024-25 to 6.8% from 6.6% in May, driven by strong investment and agricultural output. It had earlier forecast 6.7% growth for the country in its September interim outlook.

<https://economictimes.indiatimes.com/news/economy/indicators/oecd-raises-indias-fy25-growth-forecast-to-6-8/articleshow/115969534.cms>

Finance

RBI increases UPI Lite per transaction limit to Rs 1000, up from Rs 500

The Reserve Bank of India on Wednesday announced decision to increase the limit for UPI Lite to Rs 1,000 per transaction with Rs 5,000 being the total limit. "For UPI Lite, the enhanced limits shall be Rs 1,000 per transaction with Rs 5,000 being the total limit. Replenishment of used limit shall be allowed only in online mode with AFA," said the central bank in a statement.

<https://economictimes.indiatimes.com/industry/banking/finance/rbi-increases-upi-lite-per-transaction-limit-to-rs-1000-up-from-rs-500/articleshow/115976108.cms>

Ministry of Finance meets PSBs, investigative agencies on bank frauds

The finance ministry on Wednesday held a meeting with public sector banks (PSBs), other ministries and investigating agencies, including Central Bureau of Investigation (CBI), for expeditious and effective investigation in bank fraud cases. In a statement the finance ministry noted that enhance inter-departmental cooperation among different departments, CBI and PSBs for expediting investigation will have salutary deterrent effect and is likely to further catalyse resolution of stressed banking assets. "All measures were discussed for expeditious investigation in bank fraud cases," it said noting that amendments made to Prevention of Corruption Act, 1988, to prevent investigation and prosecution of bankers for bonafide decisions has had a positive impact.

<https://economictimes.indiatimes.com/industry/banking/finance/ministry-of-finance-meets-psbs-investigative-agencies-on-bank-frauds/articleshow/115981858.cms>

Don't kill golden goose chasing smuggling masterminds: Revenue secy to DRI

Revenue Secretary Sanjay Malhotra on Wednesday told officers of the Directorate of Revenue Intelligence (DRI) to nab the masterminds behind smuggling rackets, but keep the interest of the economy in mind before issuing high-pitched notices in commercial fraud cases. "We are here not only for revenue, but also for the whole economy of the country. So, if in the process of garnering some small revenue, we are hurting the whole industry, or the economy of the county, it is certainly not the intent. Revenue comes in only when there is some income, therefore, we have to be very cautious so that we do not, as they say, kill the golden goose," Malhotra said while speaking at the 67th foundation day of the DRI.

https://www.business-standard.com/economy/news/don-t-kill-golden-goose-while-chasing-smuggling-masterminds-revenue-secy-124120401074_1.html

Hope govt brings down tax burden on aerated beverages category: IBA

The Indian Beverage Association (IBA) on Wednesday said it hopes the 12 per cent cess on the carbonated beverages category will be waived in 2026, bringing down the tax on the category to 28 per cent. This statement follows reports on Tuesday suggesting that a Group of Ministers (GoM) on rate rationalisation had proposed an increase in Goods and Services Tax (GST) on 'sin' items such as aerated beverages and tobacco to 35 per cent. Currently, aerated beverages, regardless of their sugar content, attract a 28 per cent GST—the highest slab—along with a compensation cess of 12 per cent. This takes the total tax burden on the category to 40 per cent. "Even zero-sugar products are taxed at 40 per cent. We have made representations to all levels of the government, but taxation remains a bottleneck for us," said CK Jaipuria, chairman, IBA.

https://www.business-standard.com/industry/news/hope-govt-brings-down-tax-burden-on-aerated-beverages-category-iba-124120401175_1.html

Banks stick to certificates of deposits to keep lending

Banks are continuing to raise funds by selling certificates of deposit (CD) to finance demand for credit, as mobilising traditional deposits remains a challenge. Funds raised by issuing these typically short-term financial instruments

grew 57% till November 15 this fiscal year to more than ₹6 lakh crore, compared with around ₹3.9 lakh crore a year earlier, according to Reserve Bank of India data. Outstanding CDs at the end of November 15 totalled ₹4.89 lakh crore. In the first 15 days of November, banks issued CDs worth ₹46,552 crore. "This increase is to meet banks' funding requirements to manage the gap between the credit offtake and deposit growth," said Saurabh Bhalerao, associate director-BFSI research at CARE Ratings.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/banks-stick-to-certificates-of-deposits-to-keep-lending/articleshow/115982647.cms>

Banking system liquidity surplus touches Rs 1 trn, shows RBI data

The net liquidity surplus of the banking system rose to touch Rs 1 trillion on Tuesday on the back of government spending, according to the data released by the Reserve Bank of India. Analysts, however, said that the liquidity is expected to fall into deficit mode soon on the back of tax outflows. On Monday, liquidity surplus stood at Rs 89,450 crore. "The liquidity improved because of government expenditure. In the near term we have excise tax outflow and advanced tax outflow and GST outflow, because of which the liquidity is expected to be incrementally tighter," said Gaura Sen Gupta, economist at IDFC First Bank.

https://www.business-standard.com/finance/news/banking-system-liquidity-surplus-touches-rs-1-trillion-shows-rbi-data-124120401270_1.html

MFs funding to NBFCs rise almost 47% to Rs 2.33 trillion in Oct 2024

The money raised by non-banking financial companies (NBFCs) from mutual funds (MFs) rose by almost 47 per cent year-on-year (Y-o-Y) to Rs 2.33 trillion in October 2024. Sequentially, the funding support by MF to NBFCs rose by 0.3 per cent over September, according to CARE Ratings. Mutual Fund (MF) debt exposure to NBFCs, which includes Commercial Papers (CPs) and Corporate Debt, has now remained above the Rs two trillion for more than half a year. Moreover, CPs have remained above the one trillion mark for almost a year, currently amounting to Rs 1.22 trillion.

https://www.business-standard.com/markets/mutual-fund/mfs-funding-to-nbfc-rise-almost-47-to-rs-2-33-trillion-in-oct-2024-124120401288_1.html

Simplify ITR forms, bring 'one rate one section' for TDS: Deloitte survey

A vast majority of income tax filers want simplified ITRs for individuals, easier way for computing incentives and deductions, and simplification of TDS framework for 'one rate one section', a Deloitte survey said on Wednesday. Deloitte's Income-Tax Policy Survey also suggested doing away with the requirement of issuing Form 16A as the TDS information is already reported and available in the Form 26AS and AIS of the recipient. The survey also suggested limiting the number of sections with regard to withholding tax, classifying payments into two-to-three distinct and non-overlapping categories, and ensuring that each section has only one rate, which will significantly reduce the burden of compliance without any major loss in tax collections from a tax administrative perspective.

<https://economictimes.indiatimes.com/news/economy/policy/simplify-itr-forms-bring-one-rate-one-section-for-tds-deloitte-survey/articleshow/115966289.cms>

EPS subscribers with Rs 1,000 pension increases by 3% to 3.66 mn in FY24

The total number of pensioners receiving minimum assured pension of Rs 1,000 under the Employee Pension Scheme (EPS) has increased by 3 per cent to 3.66 million in the financial year 2023-2024 (FY24) compared to the previous year, according to the data from the Employees' Provident Fund Organisation's (EPFO) latest annual report reviewed by Business Standard. The data also shows that the central government provided a support of Rs 957 crore during FY24 for the minimum pension.

https://www.business-standard.com/finance/news/eps-subscribers-with-rs-1000-pension-increases-by-3-to-3-66-mn-in-fy24-124120401229_1.html

Industry

Automobile component sector to record slower revenue growth at 6-8% this fiscal and next, says CRISIL

The automotive components sector is expected to record moderation in revenue growth to 6-8 per cent this fiscal and the next, after clocking around 14 per cent increase last fiscal, stated a report by CRISIL Ratings. This, it added, will be on the back of decelerating demand for new vehicles barring two-wheelers. Additionally, exports are

expected to grow at a slower rate than the 13 per cent seen in fiscal 2024 as the macroeconomic environment in key markets abroad remain sluggish. However, steady replacement demand, the report said, will support ongoing growth.

<https://www.financialexpress.com/business/industry-automobile-component-sector-to-record-slowed-revenue-growth-at-6-8-this-fiscal-and-next-says-crisil-3684113/>

Electronics manufacturing sparks supply chain reaction from India Inc, collaborates with Govt for global integration

The country's top manufacturing and industrial houses are working with the government to enter a broadening global electronics supply chain. About two dozen large industrial houses have sensed an opportunity to leverage strengths and competencies to produce components, sub-assemblies and raw materials such as chemicals and gases.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/electronics-manufacturing-sparks-supply-chain-reaction-from-india-inc-collaborates-with-govt-for-global-integration/articleshow/115981789.cms>

Agriculture

Indian govt faced challenges in DAP supplies due to geopolitical crisis, says Anupriya Patel

The government on Wednesday said India faced challenges in the availability of chemical fertilizer di-ammonium phosphate (DAP) this year due to geopolitical disturbances, and asked stakeholders to continue working in cohesion in ensuring healthy food for all.

<https://www.thehindubusinessline.com/economy/agri-business/govt-asks-fertilizer-manufacturers-to-ensure-healthy-food-for-all/article68947176.ece>

Infrastructure

Around 75 tunnel projects worth Rs 49,000 cr under construction in India: Nitin Gadkari

Around 75 tunnel NHAI projects entailing investment of Rs 49,000 crore are under construction in the country, Union Minister Nitin Gadkari said. Addressing the 'World Tunnel Day 2024 Conference on Safe & Sustainable Tunneling', the Minister for Road, Transport and Highways said that huge potential lies in the tunnel sector in India. "Our Prime Minister has a dream to make India the world's third-largest economy. For this target, we need to have an international standard of infrastructure in the country. Our government has given the highest priority for the development of good infrastructure in the country," Gadkari said.

<https://economictimes.indiatimes.com/news/economy/infrastructure/around-75-tunnel-projects-worth-rs-49000-cr-under-construction-in-india-nitin-gadkari/articleshow/115980549.cms>

Govt likely to offer 35% subsidy for goods transport on inland waterways

In an effort to boost transportation of goods by rivers, which accounts for only 2 per cent of India's total freight movement, the government is likely to offer subsidies to cargo owners for goods transportation via inland waterways for three years. The proposed move, where there will be a 35 per cent subsidy for river transportation on national waterways 1, 2 and 16, will likely lead to the shifting of around 800 million tonne-kilometre (tkm) of cargo to inland waterways, according to the Ministry of Ports, Shipping and Waterways. Tkm is calculated by multiplying the metric tonnes of cargo by the kilometres travelled.

https://www.business-standard.com/economy/news/govt-likely-to-offer-35-subsidy-for-goods-transport-on-inland-waterways-124120401247_1.html

DGCA to streamline norms for Indian airlines' wet-leased plane operations

Aviation watchdog DGCA will soon come out with streamlined regulations for wet-leasing of planes by Indian airlines that will also entail enhanced oversight of the aircraft, amid airlines looking to operate more planes to meet rising travel demand. With persisting supply chain woes, there is a delay in aircraft deliveries and to meet the near-term needs, carriers are opting for planes on dry and wet leases. A senior official in the know told PTI that the efforts are on to streamline the regulations for wet-leasing of planes to assist in the growth of the aviation. "Realities of the engine problems cannot be wished away suddenly and on the other side, the possible routes are also increasing all the time," the official said.

https://www.business-standard.com/industry/news/dgca-to-streamline-norms-for-indian-airlines-wet-leased-plane-operations-124120400872_1.html

India's housing property market set for record-breaking performance in 2024

India's housing property market continues to remain on a strong footing, with the year 2024 expected to end as the best year ever in terms of the sector's performance across the top seven cities, led by steady economic growth and infrastructure improvements driving increased urbanization and sustained demand. The top seven cities, Mumbai, Delhi-NCR, Bengaluru, Pune, Hyderabad, Chennai, and Kolkata, are expected to witness record-breaking sales activity. Over 300,000 homes worth Rs 510,000 crore of homes spread across 485 million sq ft are expected to be sold at the end of 2024, showed a JLL India study.

<https://economictimes.indiatimes.com/industry/services/property/-construction/indias-housing-property-market-set-for-record-breaking-performance-in-2024/articleshow/115979931.cms>

Energy

About Rs 15 trn required for adding power generation capacity in 2022-27

About Rs 15 lakh crore fund is required to add electricity generation capacity during 2022-27, which includes expenditure for projects to be commissioned in 2027-32, a power ministry statement said. The projected electrical energy requirement and peak electricity demand on all-India basis is estimated as 1908 BU (billion units) and 277 GW, respectively for 2026-27. The projections were made during a Meeting of the Parliamentary Consultative Committee of Members of Parliament for Ministry of Power here last evening. Union Power Minister Manohar Lal chaired the meeting.

https://www.business-standard.com/industry/news/about-rs-15-trn-required-for-adding-power-generation-capacity-in-2022-27-124120400552_1.html

Govt offers 27 coal blocks in fresh round of auction beginning Thursday

The government will offer 27 coal blocks across various states as it launches the fresh round of commercial mine auction on Thursday. Union Minister of coal and mines G Kishan Reddy will launch the 11th round of commercial coal mine auctions on December 5, an official statement said. The forthcoming auction offers 27 coal blocks distributed across various states and regions, designed to promote regional economic growth, and create employment opportunities. "In this round, 20 coal mines will be offered for bidding, comprising 10 fully explored and 10 partially explored blocks.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/metals-mining/govt-offers-27-coal-blocks-in-fresh-round-of-auction-beginning-thursday/articleshow/115979795.cms>

Telecom

DoT bats for expanded telecom PLI to push diversified manufacturing

The Department of Telecommunications (DoT) is pushing for an expansion of the Production Linked Incentive (PLI) scheme for telecom equipment and network products to further localise the manufacturing of key equipment and quickly capture the export demand for 4G and 5G gears. An expanded PLI will be a key ask for the DoT during the upcoming pre-Budget inter-ministerial consultations, set to begin soon, officials said, adding that the scheme has to be updated to attract fresh funding.

https://www.business-standard.com/industry/news/dot-bats-for-expanded-telecom-pli-to-push-diversified-manufacturing-124120401317_1.html

Govt will ensure a level-playing field for telecom operators in satcom spectrum: MoS Telecom

The government on Wednesday told the Lok Sabha that it will also take care of level-playing field with terrestrial access services (telecom operators). It said that the Telecom Regulatory Authority of India (TRAI) will recommend terms and conditions of spectrum assignment to satellite-based communications.

<https://www.thehindubusinessline.com/info-tech/govt-will-ensure-a-level-playing-field-for-telecom-operators-in-satcom-spectrum-mos-telecom/article68947207.ece>

Healthcare

Nearly 3,000 drugs failed quality test in FY24; 282 were spurious

Out of a total 1,06,150 drug samples tested for quality, 2,988 have been declared as not of standard quality and 282 were found to be spurious, according to government data for the year 2023-2024. Prosecutions were launched in 604 cases for manufacturing, sale and distribution of spurious drugs, the data revealed. The government has been running a major drive against spurious and substandard drugs. As per the data from the Central Drugs Standard Control Organisation (CDSCO) there are approximately 10,500 units in the country which are manufacturing different types of dosage forms and APIs.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals/nearly-3000-drugs-failed-quality-test-in-fy24-282-were-spurious/articleshow/115981824.cms>

External

India's external debt rises by \$31 bn to \$647 bn in 2023: World Bank report

India's total external debt has increased by \$ 31 billion to \$ 646.79 billion in 2023, according to World Bank International Debt Report. The report further said that interest payment increased from \$ 15.08 billion in 2022 to \$ 22.54 billion in 2023. While the long-term debt stocks have risen 7 per cent to \$ 498 billion in 2023, short-term debt stocks declined marginally to \$ 126.32 billion in 2023. According to the report, external debt stock as percentage of exports was 80 per cent, while debt servicing was 10 per cent of exports in 2023.

https://www.business-standard.com/economy/news/india-s-external-debt-rises-by-31-bn-to-647-bn-in-2023-world-bank-report-124120400873_1.html

India eyes opportunity in US-China trade war under Trump's presidency

India has identified key sectors, including electronics, pharmaceuticals, textiles, automobile components, and chemicals, to boost exports to the US, eyeing opportunities arising from a potential trade war between Washington and Beijing under Donald Trump's presidency. The government is weighing policy measures to capitalise on this emerging dynamic, according to officials. "India can perhaps gain," a senior official told Business Standard. "We are doing product-wise analysis and looking at sectors, such as electronics, pharmaceuticals, manmade fibres (in the textile sector), auto components, and chemicals, where India can have an advantage."

https://www.business-standard.com/economy/news/india-eyes-opportunity-in-us-china-trade-war-under-trump-s-presidency-124120401325_1.html

Israel seeks collab with India Inc, startups; aims to hire Indian workers

As Israel and India work on deepening their trade relations, a high-profile delegation of Israeli chief executives, led by that country's economy and industry minister, Nir Barkat, is scheduled to visit India in January. Similarly, a delegation of Indian CEOs led by Commerce and Industry Minister Piyush Goyal will visit Israel shortly afterwards. Bilateral trade between India and Israel, excluding defence, stood at \$6.53 billion in 2023-24 — while India's exports were to the tune of \$4.52 billion, Israel's were at \$2 billion.

https://www.business-standard.com/industry/news/israel-seeks-collab-with-india-inc-startups-aims-to-hire-indian-workers-124120401328_1.html

India's success in capturing 'China-Plus-One strategy' limited: NITI report

India has seen limited success so far in capturing the 'China Plus One strategy', while Vietnam, Thailand, Cambodia, and Malaysia have become bigger beneficiaries, according to a report of government think tank Niti Aayog. It said that factors such as cheaper labour, simplified tax laws, lower tariffs and pro-activeness in signing Free Trade Agreements (FTAs) have played a critical role in helping these countries expand their export shares. The US has implemented stricter export controls and higher tariffs on Chinese goods to limit China's growth and expenditure towards technological progress. This has led to a fragmentation of global supply chains, prompting multinational corporations to seek alternatives to Chinese manufacturing.

https://www.business-standard.com/external-affairs-defence-security/news/india-s-success-in-capturing-china-plus-one-strategy-limited-niti-report-124120400682_1.html

Indian steel mills struggle as cheap Chinese imports flood the market

India's construction boom with its gleaming highrises and multilane highways was supposed to drive up domestic steel sales, but Jogindra Group's mills in northern Punjab state are filled with unsold inventory. A flood of cheap Chinese steel has pushed India's smaller mills to scale down operations and consider job cuts, as the South Asian nation joins a growing list of countries contemplating action to stem imports. India, the world's second-largest steel maker, turned into a net importer in the last fiscal year, sounding alarms in New Delhi about what a weakened sector portends for the security of future infrastructure projects and steel-reliant industries.

https://www.business-standard.com/industry/news/indian-steel-mills-struggle-as-cheap-chinese-imports-flood-the-market-124120400522_1.html

Grains for gold: Indian export curbs drive boom in barter smuggling

Guards on either side of a border checkpoint between India and Bangladesh scour vehicles and frisk passengers in a hunt for illicit consignments of gold and drugs, as well as food staples such as sugar, grain and even onions. "We caught smugglers in August who were transporting sugar concealed beneath a layer of sand in their vehicle," said an officer of India's Border Security Force (BSF) in the northeastern city of Shillong, who sought anonymity. Despite such efforts, illegal barter trade of gold for food items has surged since mid-2022, as India's export curbs fuelled a vast disparity with prices in Bangladesh, causing combined government revenue losses of billions of dollars.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/grains-for-gold-indian-export-curbs-drive-boom-in-barter-smuggling/articleshow/115970546.cms>

Trump's high tariffs opportunity for India, relation with US deep & multidimensional: Niti Aayog CEO

US President-elect Donald Trump's announcement to impose high tariffs on three of its trading partners, including China, will provide huge export opportunities for India and the domestic industry should prepare itself to tap them, Niti Aayog CEO BVR Subrahmanyam said Wednesday. He also said that the India-US relationship is "very deep" and "multi-dimensional" It is very deep and does not stand only on one leg which is trade.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/trumps-high-tariff-pledge-will-provide-huge-export-opportunities-for-india-niti-aayog-ceo-bvr-subrahmanyam/articleshow/115969953.cms>