



December 12, 2024 – Thursday

Economy

ADB cuts India FY25 GDP growth forecast to 6.5%, 7% in FY26 on weak demand

The Asian Development Bank (ADB) on Wednesday lowered India's economic growth forecast to 6.5 per cent for the current financial year from its earlier estimate of 7 per cent due to lower-than-expected growth in private investment and housing demand. The multilateral development bank has also lowered India's growth forecast for 2025-26 financial year. Changes in US trade, fiscal, and immigration policies could dent growth and add to inflation in developing Asia and the Pacific, according to the latest edition of Asian Development Outlook (ADO).

https://www.business-standard.com/economy/news/adb-lowers-india-s-gdp-growth-forecast-to-6-5-in-fy25-to-7-for-next-year-124121100508_1.html

Growth, stability, and inclusion are top priorities, says RBI Guv Malhotra

Sanjay Malhotra, who assumed office as the twenty-sixth governor of the Reserve Bank of India (RBI) on Wednesday for a tenure of three years, stated in his first media interaction that fostering economic growth and ensuring stability in policy-making will be among his key priorities moving forward. Additionally, he highlighted that while much progress has been made with regard to financial inclusion, there is still more to be done, and collaboration with all stakeholders in the financial system is necessary. "Ours is still an economy that needs to develop as we are entering the Amrit Kaal and to realise the vision of Viksit Bharat by 2047. The huge responsibility that we have is in ensuring that the growth this country actually has continues," Malhotra said.

https://www.business-standard.com/finance/news/growth-stability-and-inclusion-are-top-priorities-says-rbi-guv-malhotra-124121100802_1.html

PM Modi to meet chief secys of states to chart out plan for socio-economic growth ahead of Budget 2025-26

Prime Minister Narendra Modi will meet with chief secretaries of states in Delhi on December 13-15 to prepare a common social and development agenda for higher economic growth, less than two months before the Budget for 2025-26. The conference of chief secretaries will be held in Delhi. Hundreds of attendees will represent the central government, all states/Union Territories, and domain experts. The broad themes for discussion in the presence of Modi include promoting entrepreneurship, skilling and employment ecosystem; manufacturing, MSMEs, informal employment, green economy, rural non-farm sector, circular economy, AI and renewable energy, among other issues about the social and economic development of the country, sources said.

<https://www.financialexpress.com/policy/economy-pm-to-chart-out-plan-for-socio-economic-growth-3688869/>

Finance

'Credit card delinquencies rise in June even as issuance growth drops'

Delinquencies in the credit card segment increased across all days past due (DPD) bands in June 2024 from the year-ago period, even as the rate of growth of new card issuances and credit card balances dropped, credit bureau CRIF Highmark said in a report on Wednesday. According to CRIF data, delinquencies in the 91-180 DPD category increased to 7.6 per cent in October 2023, up from 6.5 per cent in June 2023. The DPD rate in the 31-90 days'

category rose to 2.3 per cent from 2.2 per cent, while the 181-360 DPD rate increased to 0.9 per cent from 0.7 per cent last year. Additionally, the 360+ DPD rate climbed to 1.7 per cent from 1.3 per cent. The DPD rate of the top five card issuers (TCI) in 91-180 days rose to 1.7 per cent from 1.5 per cent, while the medium card issuers (MCI's) DPD rate dropped to 2.2 per cent from 2.4 per cent.

https://www.business-standard.com/finance/news/credit-card-delinquencies-rise-in-june-even-as-issuance-growth-drops-124121101122_1.html

No interest rate cut in RBI's Feb policy review, or anytime in FY26: Axis Bank's Mishra

The elevated inflation does not offer the Reserve Bank any space for an interest rate cut in the next policy review in February and the whole of FY26 as well, a senior economist said on Wednesday. Axis Bank's chief economist Neelkanth Mishra, who is also a part-time member of the Economic Advisory Council to the Prime Minister, stressed that a change of guard at RBI will not result in any veering off and added that the institutional ability is very strong. A rate cut will not be possible for the "next 13-14 months" due to the inflation outlook, he said, adding that the average inflation for FY26 will be 4.5 per cent.

<https://economictimes.indiatimes.com/news/economy/policy/no-interest-rate-cut-in-rbis-feb-policy-review-or-anytime-in-fy26-axis-banks-mishra/articleshow/116220745.cms>

Private equity inflows into India zooms 41 per cent in Jan-Nov 2024: LSEG Deals Intelligence

Private equity and venture capital investments in India recorded a 41 per cent increase in January-November 2024 to touch \$13.86 billion (\$ 9.82 billion), as per latest data from LSEG Deals Intelligence. However, the number of deals saw a 2.7 per cent decline in January-November 2024 to 1,190 from 1,223, it added. The surge in PE inflows comes at a time when there has been record \$17.3 billion initial public offering (IPO) mop up so far this calendar year. The robust IPO markets in India is giving good exits for private equity investors, industry observers said.

<https://www.thehindubusinessline.com/economy/private-equity-inflows-into-india-zooms-41-per-cent-in-jan-nov-2024-lseg-deals-intelligence/article68974235.ece>

Industry

Govt may consider addressing inverted duty structure for certain aluminium goods in Budget

The government is likely to consider addressing the issue of inverted duty structure for certain products in sectors like aluminium in the forthcoming Budget to boost domestic manufacturing, an official said. Inverted duty structure refers to taxation of inputs at higher rates than finished products that result in the build-up of credits and cascading costs. The industry has shared a list of products. An industry official said they want a cut in import duty of raw material for the aluminium sector. They are also seeking an increase in the duty on final products.

<https://economictimes.indiatimes.com/news/economy/policy/govt-may-consider-addressing-inverted-duty-structure-for-certain-aluminium-goods-in-budget/articleshow/116216760.cms>

Electronic giants shift entry-level production to contract manufacturers to free up capacities in their plants

Large electronic brands Samsung, LG, Oppo, Vivo and Voltas, who have their own manufacturing plants in India, are increasingly shifting production of entry level products to contract manufacturers which will free up capacities in their plants that can be used for mid-to-premium range production which has been the only segment growing for almost four years now. This comes at a time when the share of entry level products to total sales is declining both for large brands and in the market with first time buyers either deferring purchases or preferring the mid-segment due to widespread availability of credit. LG Electronics India in its draft red herring prospectus filed last week said the company is manufacturing entry-level refrigerators, washing machines, window air conditioners and small-size televisions from third-party suppliers "on a stock-in-trade basis." The company said it now produces 85% of what it sells in India with the balance produced by third-party or imported. Earlier almost the entire production was in-house, industry executives said.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/electronic-giants-shift-entry-level-production-to-contract-manufacturers-to-free-up-capacities-in-their-plants/articleshow/116219646.cms>

EVs, ancillary industries may see Rs 3.4 trn investment by 2030: Colliers

Domestic and foreign firms have announced a whopping Rs 3.4 trillion investment in India's electrical vehicles (EVs) and ancillary industries over the next six years, Colliers India on Wednesday said while expressing concern over "tardy progress" towards achieving the goal of 30 per cent electric mobility by 2030. Real estate consultant Colliers India on Wednesday released a report 'EVs in India: Renewed Vigour in Electric Mobility', highlighting that an overall EV penetration rate in India stood at 8 per cent. It estimated sales of around 2 million (20 lakh) EVs in 2024.

https://www.business-standard.com/industry/auto/evs-ancillary-industries-may-see-rs-3-4-trn-investment-by-2030-colliers-124121100589_1.html

Investment commitments in data centres may cross \$100 bn by 2027: Report

Cumulative investment commitments in Indian data centres are likely to surpass \$100 billion by the end of 2027, according to a report by CBRE, a real estate advisory firm. Between 2019 and 2024, India attracted investment commitments of \$60.3 billion from both domestic and international investors. The report stated that India's data centre capacity is projected to reach approximately 2,070 megawatts (MW) by the end of 2025. The current data centre capacity stands at around 1,255 MW, with nearly 475 MW of capacity under construction across Mumbai, Chennai, and the Delhi-National Capital Region (NCR). Further, in 2024 so far, about \$19 billion of investments have been committed. Maharashtra, Tamil Nadu, Telangana, Uttar Pradesh, and West Bengal emerged as the leading states in terms of cumulative investment commitments. The year may end with India's data centre capacity being expanded to 1,600 MW.

https://www.business-standard.com/industry/news/investment-commitments-in-data-centres-may-cross-100-bn-by-2027-report-124121100782_1.html

Agriculture

District administration should be involved in onion procurement: Ministry

The Union Agriculture Ministry has suggested that district administration should be involved in procurement of onion to ensure transparency and check irregularities in the purchase process. In a written reply to Lok Sabha, Minister of State for Food and Consumer Affairs B L Verma said, the Department of Agriculture constituted a fact finding committee to look into allegations of irregularities in the procurement of onions under Price Stabilisation Fund (PSF) by National Agricultural Cooperative Marketing Federation of India (NAFED).

<https://economictimes.indiatimes.com/news/economy/agriculture/district-administration-should-be-involved-in-onion-procurement-ministry/articleshow/116225483.cms>

Wheat stock limits tightened as prices stay firm

The Centre has tightened stock holding limits on wheat for traders, retailers, big retailers, wholesalers and processors in a bid to temper firm prices of the staple. "To manage food security and to prevent hoarding and unscrupulous speculation, the Government of India imposed stock limits on wheat," said the Ministry of Food and Consumer Affairs in a statement.

<https://economictimes.indiatimes.com/news/economy/agriculture/wheat-stock-limits-tightened-as-prices-stay-firm/articleshow/116223987.cms>

Infrastructure

Lok Sabha passes Railways (Amendment) Bill

The Lok Sabha passed the Railways (Amendment) Bill, 2024 by a voice vote Wednesday. The bill seeks to repeal the Indian Railway Board Act, 1905 by incorporating the provisions for constitution and composition of the Railway Board into the Railways Act, 1989. Speaking during the debate on the proposed legislation, union railway minister Ashwini Vaishnaw said the bill will simplify the legal structure for operations of the Indian Railways. He also allayed concerns of privatisation and over centralisation of the Indian Railways raised by some members. Vaishnaw said there was no question of privatising the Indian Railways, adding that the infrastructure being developed was for the nation. He also said supremacy of parliament was not being affected by this legislation.

<https://economictimes.indiatimes.com/industry/transportation/railways/lok-sabha-passes-railways-amendment-bill/articleshow/116225572.cms>

Puri greenfield airport plan hits green hurdle; panel defers nod

Amid serious environmental red flags over the Odisha government's plans to establish a greenfield airport in Puri and a six-lane expressway proposed along the coast, the Centre's forest advisory committee (FAC) has once again deferred the decision to approve the project. Concerns have been raised on the proposed airport's proximity to nesting sites of the endangered Olive Ridley turtles and the habitat of the threatened Irrawaddy Dolphin, besides the sensitive ecology of the coastal area.

<https://economictimes.indiatimes.com/industry/transportation/airlines/-aviation/puri-greenfield-airport-plan-hits-green-hurdle-panel-defers-nod/articleshow/116224814.cms>

Maritime sector key to India's vision of 3rd largest economy: VP Dhankhar

India's maritime sector is poised to play a transformative role in the country's vision of becoming world's third-largest economy, Vice President Jagdeep Dhankhar said Wednesday. Today, India stands as an emerging maritime powerhouse, strategically leveraging its geographical location and advanced infrastructure to spearhead global maritime initiatives, the Vice President said. "With the global blue economy projected to reach USD 6 trillion by 2030, India's maritime sector stands poised to play a transformative role in our emergence as the world's third-largest economy," he said at the Indian Maritime Heritage Conclave (IMHC) 2024.

https://www.business-standard.com/economy/news/maritime-sector-key-to-india-s-vision-of-3rd-largest-economy-vp-dhankhar-124121100730_1.html

India faces shortage of quality offices amid robust leasing

India is facing a shortage of about 20 million square feet of Grade A+ office every year with demand for quality office outstripping supply. According to Cushman & Wakefield's data, in 2023, against the supply of 24.8 million square feet (msf) of Grade A+ buildings, the net absorption was 40.9 msf while in the current financial year, till September already 33.7 msf has been leased against the supply of 13.9 msf.

<https://economictimes.indiatimes.com/industry/services/property/-cstruction/india-faces-shortage-of-quality-offices-amid-robust-leasing/articleshow/116223355.cms>

Telecom

Telecom industry focus: July tariff-hike boosts industry AGR in Q2, full impact likely in next 1-3 quarters

The telecom industry reported AGR growth of 7.1 per cent on-quarter and 13.1 per cent on-year during the fiscal second quarter to Rs 681 billion, showed data released by TRAI. The growth, stated an analysis report by JM Financial, was led by 15-17 per cent tariff hike undertaken by private telcos with effect from July 2024 and aided by one more day during the quarter and telcos' continued premiumisation efforts including a) MBB (mobile broad-band) upgrades; b) prepaid-to-postpaid upgrades; c) data monetisation; and d) international roaming. However, it added, growth was offset by subscriber churn (of 16.8 million in Q2FY25) primarily due to temporary SIM consolidation in the lower ARPU segment post tariff hike.

<https://www.financialexpress.com/business/industry-telecom-industry-focus-july-tariff-hike-boosts-industry-agr-in-q2-full-impact-likely-in-next-1-3-quarters-3689532/>

India's telcos implement SMS traceability to combat spam and enhance security

More than 90% of the principal entities (PE), who account for most of the commercial traffic on SMS, have successfully registered the chain of messages to ensure traceability, which is ensuring minimal disruption in the delivery of commercial SMSs like OTPs, India's top telcos said on Wednesday. From Wednesday, telcos switched on the traceability of such messages and blocked those not conforming with the new Telecom Regulatory Authority of India (Trai) mandate to curb rampant spam that preyed on subscribers into financial fraud. An industry official said that the system had seen a "less than 1% failure" in messages going through to the end consumers.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/indias-telcos-implement-sms-traceability-to-combat-spam-and-enhance-security/articleshow/116222228.cms>

External

Surge in finished steel imports sparks industry woes, policy dilemmas

India's finished steel imports reached 5.768 million tonnes (MT) during April-October 2024, registering a 42.1 per cent year on year (Y-o-Y) growth over the same period last year. This has led to concerns among large domestic steel producers and Indian steel associations, who have asked the government to protect their businesses. They demand that additional duties be imposed on cheap steel imports. Recently, the steel ministry proposed a 25 per cent safeguard duty on the import of certain steel items into the country. However, the micro, small and medium enterprises (MSMEs) do not favor the proposed additional duties. They fear more duties would make their exports and domestic products uncompetitive, given that the local steel producers have hiked their steel prices.

https://www.business-standard.com/industry/news/surge-in-finished-steel-imports-sparks-industry-woes-policy-dilemmas-124121100822_1.html

IT import management system extended

India has extended the import management system (IMS) for certain IT products including laptops and tablets by a year till December 31. In a policy circular, the Directorate General of Foreign Trade (DGFT) said importers of these IT hardware products will have to seek fresh authorisation for next year and the window of applications for the same will be opened from December 13. "Any authorisation issued for import of restricted IT hardware under IMS shall be valid till December 31, 2025. Importer is allowed to submit multiple applications in the year," DGFT said.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/it-import-management-system-extended/articleshow/116224427.cms>