



## Public Finance

### Union Cabinet approves Rs 4,797 crore for 'Prithvi Vigyan' scheme

The government on Friday approved "Prithvi Vigyan", an overarching initiative comprising five on-going sub-schemes related to earth sciences, at a cost of Rs 4,797 crore over a five-year period from 2021-26. The Union Cabinet, at a meeting chaired by Prime Minister Narendra Modi, approved the proposal of the Ministry of Earth Sciences (MoES) to club the sub-schemes. (*Business Standard*)

### T-Bills, Sovereign Gold Bonds are retail investors' top pick; inflows treble in year to Jan

Retail investors seem to be warming up to investing in Government Securities via the Reserve Bank of India's Retail Direct (RBI-RD) Scheme, going by the number of accounts opened and total primary market subscriptions. The number of accounts opened under this scheme via the RBI-RD portal (<https://rbiretaildirect.org.in>) jumped 62 per cent year-on-year (YoY) to 1,09,212 as on January 1, 2024, against 67,591 as on January 2, 2023, per RBI data. (*BusinessLine*)

### Grants from India make up 1.5% of Maldives' budget

India is a neighbour that the Maldives cannot afford to upset, suggests data. A regular recipient of India's foreign aid, India budgeted an allocation of ₹400 crore of grants to the island nation in the ongoing fiscal year. This is around 1.5 per cent of Maldives' budget for FY24. The India budget document shows that in FY24, 6.84 per cent of the overall allocation for aid to foreign countries went to Maldives. (*BusinessLine*)

### Government initiates process to sell 'enemy' shares in Peerless, Mohan Meakin and 82 other entities

The government has decided to sell 'enemy' shares of 84 companies that are being held by the Custodian of Enemy Property of India (CEPI). According to a notice by the Finance Ministry, the list of companies includes Anand Projects Ltd, Bharat Nidhi Ltd, Delhi Flour Mills, Mohan Meakin, Spencer & Co, the Peerless General Finance & Investment, the Bengal Dooars National Tea Limited, and Woodbriar Estate, among others. SBI Caps is the merchant banker and selling broker for the transaction. (*BusinessLine*)



## Taxation

### GST authorities drop ₹7.08 crore service tax demand on Competition Commission

In a relief for the Competition Commission of India (CCI), GST authorities have dropped a ₹7.08 crore service tax demand on the competition watchdog, ruling that the regulator is not liable to take service tax registration and hence no demand for service tax arises. This

demand of ₹7.08 crore includes service tax of ₹6.78 crore, education cess of ₹ 2.57 lakh, secondary and higher secondary education cess of ₹1.28 lakh, Swachh Bharat cess of ₹15.52 lakh, and Krishi Kalyan cess of ₹9.53 lakh. *(BusinessLine)*

### **29,000 firms, ₹44,000 cr GST evasion exposed in fake invoice crackdown**

Finance Ministry on Sunday reported that over 29,000 fake firms were identified and over 44000 crores of GST tax evasion detected in a nationwide drive over 7 ½ months. The Ministry disclosed the results of a special drive to identify non-existent/bogus registrations and issue fake invoices without any underlying supply of goods and services. The drive started in mid-May last year. *(BusinessLine)*

### **PFRDA calls for tax breaks on NPS contributions under new tax regime**

Pension regulator PFRDA has urged the Finance Ministry to consider allowing tax breaks/deductions under the new tax regime for contributions made by employees towards their NPS account, which has now become the default system. Providing tax breaks for NPS contributions — akin to the Sec 80C deduction provided in the old tax regime — would boost savings for retirement and is a must if India has to evolve into a pensioned society, the Pension Fund Regulatory and Development Authority (PFRDA) has submitted to the Finance Ministry in its budget wish list. *(BusinessLine)*

### **E-way bill generation surges to 9.52 crore in December, second highest so far**

The number of e-way bills generated in December were 9.52 crore, the second highest monthly figure so far. The e-way bills generated in December may have some impact on GST collections in January and February. The December figure could be a result of high year-end dispatches, especially in electronic items and automobiles. Besides, higher compliance contributed to high e-way bill generation. *(BusinessLine)*



## **National Accounts and State of the Economy**

### **India's GDP to surpass \$4 trillion in 2024-25: PHDCCI report**

India's economy is likely to surpass USD 4 trillion in 2024-25 and further escalate to USD 5 trillion by 2026-27, according to a PHDCCI report released on Wednesday. The industry chamber also expects the RBI to cut the repo rate by 100 basis points in a calibrated manner by the end of 2024. "The Indian economy is showing evidence of strong growth." *(The Economic Times)*

### **ILO pegs global unemployment rate at 5.2 per cent in 2024**

The International Labour Organization (ILO) has projected a global unemployment rate of 5.2% in 2024, slightly higher than the 5.1% in 2023. The World Employment and Social Outlook Trends: 2024 report notes that working poverty will persist, and income inequality will widen, emphasizing the need for greater social justice for a sustainable recovery. *(The Economic Times)*

### **Economic climate encouraging; 7.3 pc GDP growth estimate very positive: SBI chairman**

State Bank of India Chairman Dinesh Kumar Khara has expressed his optimism regarding the 7.3% growth estimate for India in FY24. Speaking to PTI at the Vibrant Gujarat Global Summit, Khara described the estimate as a "very positive" development and stated that

the overall economic climate is currently "very encouraging". The National Statistical Office (NSO) recently projected a real GDP growth rate of 7.3% for FY24, surpassing previous estimates of less than 6.5%. *(The Economic Times)*

### **India to grow into a \$7 trillion economy by 2030, says PHDCCI report**

India is expected to grow into a \$7 trillion economy by the year 2030, establishing itself as the second-largest economy in the Asia-Pacific region and the third-largest globally, industry body PHD Chamber of Commerce and Industry (PHDCCI) said in a latest report on Wednesday. The analysis is based on lead macroeconomic indicators including the GDP Growth, Export Growth, Gross National Savings, Total Investments, and Debt to GDP Ratio. *(Business Standard)*

### **K-shaped recovery narrative flawed and baseless: SBI Research**

Nearly half of India's consumption will be done by 90% of the population at the lower end by the end of the next decade, State Bank of India researchers said in a new report released Friday, pointing to the country bridging the inequality gap in the coming years and dismissing K-shaped recovery as a flawed narrative. *(The Economic Times)*

### **India December inflation likely picked up to 5.87% on rising food costs- Poll**

India's retail inflation likely edged up in December on higher food prices but stayed within the Reserve Bank of India's target range for a fourth consecutive month, according to a Reuters poll of economists. Food prices, which account for about half of the inflation basket, rose in November and remained elevated last month, largely led by vegetable prices and household staples. *(The Economic Times)*



## **Banking and Monetary Policy**

### **RBI revises definition of politically-exposed persons for KYC purpose**

The Reserve Bank of India (RBI) has changed the definition of Politically-Exposed Persons (PEPs) under its norms, a move that will make it easier for those individuals to carry out various banking transactions, including availing loans. Certain changes have been made in the RBI's Know Your Customer (KYC) norms. *(The Economic Times)*

### **Loan growth, fees to lift bank profits in Q3, higher deposit costs to pinch**

Banking profitability is likely to be hit by lower net interest margins (NIMs) as the increasing cost of deposits could not be totally offset by a corresponding rise in lending rates during the December quarter. However, strong loan growth, stable asset quality and fee income will help banks still report an increase in profits year-on-year. *(The Economic Times)*

### **Bank borrowings increase by 67 per cent in 2023**

Borrowing by banks climbed last year, on average by as much as two-thirds in aggregate, as the central bank's liquidity mop-up to tame consumer prices coincided with higher demand for credit and trailing deposit growth. HDFC Bank's mid-July merger with mortgage-lending pioneer HDFC also caused borrowings to swell for mainstream lenders under the central bank's watch. *(The Economic Times)*



## External Sector

### **G-Sec prices end a shade higher on expectation of more foreign investments due to proposed bond index inclusion.**

Government Security (G-Sec) prices ended a shade higher on Tuesday as Bloomberg Index Services' proposal to include Indian bonds, which are under the 'Fully Accessible Route' (FAR), to be part of its Emerging Market (EM) local currency index from September 2024 could attract foreign investments. The aforementioned proposal comes about three months after JP Morgan's announcement on India's inclusion, starting June 28, 2024, in its Government Bond Index-Emerging Markets (GBI-EM). (*BusinessLine*)

### **Iron ore exports, coking coal imports lead to a 5% increase in traffic across India's ports in April – Dec**

India's major ports saw a 5 per cent rise in traffic during the first nine months of the fiscal (April – Dec), driven by the rising export of iron-ore and increased import of coking coal (used mostly in steel-making). The provisional data of the Indian Ports Association shows that cargo handled across the ports increased to 605.15 million tonnes (mt). Cargo handled in the same period last year was 576.70 mt. (*BusinessLine*)

### **Exporters demand measures to regulate freight charges**

The Kerala Exporters' Forum has asked the Central government to immediately constitute a regulatory authority to control export freight charges that have escalated due to the Red Sea crisis. The demand for a regulatory authority comes in the wake of the fluctuating flight fares to West Asia, especially during the festival season. Freight movement through the Red Sea and Suez Canal became dangerous after the Houthi terrorists of Yemen started attacking ships from countries supporting Israel in the Israel-Palestine war. (*The Hindu*)

### **India's high tariffs of inputs on electronics may slowdown export in 2024: ICEA**

India has the highest tariffs of inputs on electronics manufacturing and the price rise due to high tariffs on inputs perpetuates imports, contrary to policy objectives of building a local ecosystem and increasing domestic value addition, a report has said on Wednesday. According to a seven-country study on tariffs on components and sub-assemblies for making smartphones, by industry body, India Cellular & Electronics Association (ICEA), competitiveness is critical to building scale, which in turn positively impacts domestic value addition and job creation. (*BusinessLine*)



## Agriculture and Rural Economy

### **Agriculture exports likely to double to \$100 bn by 2030: Commerce Secy**

India's agriculture exports, which stood at over USD 50 billion at present, are expected to double by 2030 and reach USD 100 billion. The country is targeting USD 2 trillion worth of exports of goods and services by 2030. In this fiscal year, the country's agri exports will

be more than last year's level of USD 53 billion, despite restrictions imposed on shipments of certain key commodities, including rice, wheat and sugar. *(The Economic Times)*

### **FMCG cos expect polls to stimulate rural demand**

India's Fast Moving Consumer Goods (FMCG) companies are facing challenges in the rural markets owing to sluggish demand. The deficiency in rainfall in key agricultural states has disrupted the revival of rural demand seen in the first two quarters of the financial year. Additionally, stiff competition from smaller, local firms is further impacting the situation. *(The Economic Times)*

### **A looming crisis: How India can balance its water demand and supply across sectors?**

Whether the resurgence of the more-than-a-century-old Cauvery dispute between Karnataka and Tamil Nadu or reports of depleting water reservoirs, fair water allocation needs attention as it is an important lever for ensuring water, food, and livelihood security. Water cannot be thought of in a silo in India, especially since it is critical to our food and energy needs. *(Financial Express)*

### **Non GM mustard yield only a little higher than GM mustard**

The coalition for a GMFree India on Thursday claimed that the government has presented data in the Supreme Court that shows that the oil yield of nonGM(Genetically Modified) hybrid is on par, or marginally higher than the oil yield of GM HT mustard hybrid DMH11. *(Business Standard)*

### **Chilli prices dip despite Telangana farmers' claims of crop loss**

Chilli prices have declined by 16-25 per cent over the past two months in view of arrivals picking up and sluggish demand, leaving farmers, especially in Telangana, unhappy. The decline is despite farmers in Telangana reporting damage to their crop due to attack of pests and diseases. Growers in the State's Khammam and Warangal districts have claimed that their crop has been damaged owing to black thrips and wilting. This has led to loss of yield and quality. *(BusinessLine)*

### **Wheat price in FCI auction up as new crop harvest nears**

Wheat prices in the auction held by the Food Corporation of India (FCI) surged ₹61/quintal in the past month as the harvesting of new crop is set to begin in another 40-45 days. The surge of ₹39 in a week has been attributed to normal course of price behaviour to align with the minimum support price (MSP) of ₹2,275/quintal. *(BusinessLine)*



## **Industry, Manufacturing, Services and Technology**

### **Fintechs may need regulatory help: K. V. Kamath**

Financial technology (fintech) companies are currently riding the innovation wave, but profitability will at some point become a concern, when the regulator may have to intervene, veteran banker K.V. Kamath said at the 16th edition of the annual Mint BFSI Summit and Awards. *(Mint)*

### **Steel industry seeks mechanism to restrict cheap imports**

The steel industry expects the government to bring in a mechanism in the upcoming interim budget to help curb cheap imports, as rising steel imports are a cause for concern for the sector. The country became a net importer of finished steel during the first nine months (Apr-Dec) of the current fiscal (specifically in November), with imports at 5.6 million tonnes (mt) and exports at 4.7mt. *(Mint)*

### **Government to consider correcting inverted duty structure in key sectors**

The Centre will likely address the inverted duty structure affecting domestic manufacturing in key sectors such as textiles, leather, and engineering goods in the upcoming budget. Last month, the commerce ministry had urged the finance ministry to rectify the situation where raw materials face higher taxation than finished products. This inverted duty structure, impacting over a dozen items, is set to be a focal point in the Union Budget for FY25. *(Mint)*

### **Government targets 186.6 MT of commercial coal production in FY25**

The union ministry of coal has announced the target of 186.63 million tonnes (MT) of production from captive and commercial coal mines during FY25. In a statement on Monday, the ministry said plans were in place for production to be increased to 225.69 MT during FY26, with an eventual target of 383.56 MT by FY30. *(Mint)*

### **Domestic paper industry to witness ~7-10% revenue contraction in FY24 amid 2-5% shrink in volume growth, pressure on realisations**

The paper industry's volume growth is expected to shrink to 2- 5 per cent in FY2024 from ~7 per cent in FY2023, said a report by ICRA. The industry revenues, it added, is projected to contract by ~7-10 per cent in FY2024 amid sharp fall in realisations, followed by a rebound in FY2025 with an estimated growth of ~6-9 per cent. *(Financial Express)*

### **Tea Association of India warns of return to 'dark phase' for industry**

India's tea industry is experiencing challenges reminiscent of the "dark phase" of 2002-07, calling for introspection and resilience, an association of tea growers and manufacturers has said. Stagnant prices, oversupply, widening gap between demand and supply, and a "race to the bottom" for cheaper teas have been identified as major factors. *(The Hindu)*

### **Textile mills seek financial support**

Several textile mill associations have submitted a joint memorandum to Union Finance Minister Nirmala Sitharaman seeking financial support. The associations have sought extension of one-year moratorium for repayment of the principal amount; conversion of three-year loans under the Emergency Credit Line Guarantee Scheme (ECLGS) into six-year terms, and financial assistance to mitigate the stress on working capital, on a case-to-case basis. *(The Hindu)*

### **'Indian firms will attract \$500 bn. from PEs/VCs in 5 years'**

Indian entrepreneurs are expected to absorb venture capital and private equity to the tune of over \$500 billion in next five years and the country would also return \$300 billion to investors in this period, said Sudhir Sethi, venture capital and private equity industry expert and Founder & Chairman, Chiratae Ventures. The country received PE/VC investment of \$280 billion in the last five years (excluding 2023) and returned \$140 billion to investors in this period, as per Chiratae's estimates. *(The Hindu)*

**Steel Min says there are no plans yet to impose higher duty on finished steel imports**  
Steel Ministry is unlikely to call for the imposition of duty on imports, senior officials told businessline. Better than expected domestic demand is seen as the key reason for the Ministry not pushing ahead with imposition of duties or safeguard measures. Incidentally, India — the second largest crude steel producer globally, is already a net importer of the alloy. It reversed a three-year trend of being a net-exporter. *(BusinessLine)*

### **Stronger chemical industry-academia pact could unleash a new innovation wave in India**

The growth of the chemicals industry will be driven by specialty chemicals going forward, given the increasing focus on sustainability and associated segments such as renewable energy, electric vehicles and green hydrogen, among others. Now is the time for chemical players to move on the opportunity by strengthening the industry-academic partnerships, said industry representatives. *(BusinessLine)*

### **Signs of market failure in life insurance**

A December 12, 2023, Insurance Regulatory and Development Authority of India (IRDAI) draft has caused a 3-6 per cent fall in the stock prices of major listed life insurance firms past few weeks. The draft looks at reducing the currently exorbitant charges that policyholders pay if they exit earlier than policy maturity. *(BusinessLine)*

### **Bengal's garment industry buyers; sellers meet generates Rs 850 cr biz**

The 55th Garment Buyers and Sellers Meet of WBGMDA generated an estimated Rs 850 crore in business transactions in wholesale deals, an official said on Friday. Over 900 national and international brands participated in the three-day event of the West Bengal Garment and Manufacturer and Dealers Association (WBGMDA), a statement said. *(Business Standard)*

### **Budget 2024 wishlist: Gaming industry seeks clarity on regulation, taxation**

A robust regulatory framework, more clarity on taxation to create an attractive business environment, and budgetary allocations related to animation, visual effects, gaming and comics (AVGC) are some of the lingering concerns that the Indian online gaming companies and industry bodies are expecting the Union Budget 2024 to address. The Budget, a vote-on-account, is set to be presented by Union Finance Minister Nirmala Sitharaman on February 1. *(Business Standard)*



## **News on Kerala**

### **Kochi metro's Kakkanad extension viaduct can be readied in 18 months**

The viaduct of the Kochi metro's 11.20-km phase-2 Kakkanad extension could be readied in 18 months if everything went according to plan, Loknath Behera, managing director, Kochi Metro Rail Limited (KMRL), said here on Tuesday. The design and build tender to construct the viaduct and stations in the Pink Line corridor was opened on December 20. *(The Hindu)*

### **Centre's reluctance to pay its share affecting NHM schemes in State: Veena**

Health Minister Veena George said on Tuesday that the Central government's alleged reluctance to contribute its share in the State's public health sector had impeded several NHM schemes. The Centre and State bore the cost of the schemes in a 60:40 ratio.

Currently, the Centre owes the State ₹862 crore. The Centre's apathy to NHM schemes had affected the payment of incentives for ASHA workers. It has affected free medical care. *(The Hindu)*

### **Kerala no longer a favourite destination for Maldivians**

India leads the table by contributing the largest number of foreign tourist arrivals in the Maldives, followed by Russia and China. On the other hand, the number of Maldivians visiting Kerala came down to 38,143 in 2022, while their number was 42,237 in 2018 and 52,236 in 2019 *(The Hindu)*

### **Planning Board nod for 2024-25 State Plan**

The State Planning Board has approved the plan outlay for the State for the 2024-25 financial year. The plan size is similar to that of 2023-24, with a slight increase in the outlay for Local Self-governments (LSG), sources said. In 2023-24, the plan outlay was ₹ 30,370 crore with ₹ 8258 crore earmarked for LSG. The aggregate plan outlay, including Centre's share of Centrally sponsored schemes, had been ₹38,629.19 crore. *(The Hindu)*

### **Govt. finalises draft Bill to rein in educational consultants**

Kerala will soon introduce a law to regulate the burgeoning industry of educational consultancy services. The government has finalised a draft Bill recommended by an expert committee. The proposed legislation is likely to be tabled during the upcoming Budget session of the Assembly. *(The Hindu)*

### **Kerala ties up with Cuba to make drugs for diabetic foot ulcers**

A tie-up with the Cuban government to explore the possibility of producing drugs for diabetic foot ulcers and a campaign to ensure early detection of breast cancer are among the steps the Health department in Kerala is taking up this year to check lifestyle diseases. This is part of Kerala Health department's non-communicable diseases control programme and based on results of a survey of people aged above 30 launched around two years ago *(The Hindu)*.

### **Retail sector in doldrums: Kerala traders' forums express concerns**

The aftermath of the COVID-19 pandemic continues to grip Kerala's economic fabric as a staggering number of shops and establishments across the state face closure due to severe financial crisis. Data from traders' forums indicate that nearly 1,00,000 establishments ranging from small local stores to prominent supermarkets, were closed. The trend raises concerns about the state's commercial stability.

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