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Index

Source : www.pib.gov.in Date : 2023-09-01

CONSUMER PRICE INDEX FOR INDUSTRIAL WORKERS (2016=100) – JULY, 2023

Relevant for: Indian Economy | Topic: Issues relating to Mobilization of resources incl. Savings, Borrowings & External Resources

The Labour Bureau, an attached office of the M/o Labour & Employment, has been compiling Consumer Price Index for Industrial Workers every month on the basis of retail prices collected from 317 markets spread over 88 industrially important centres in the country. The index is compiled for 88 centres and All-India and is released on the last working day of succeeding month. The index for the month of July, 2023 is being released in this press release.

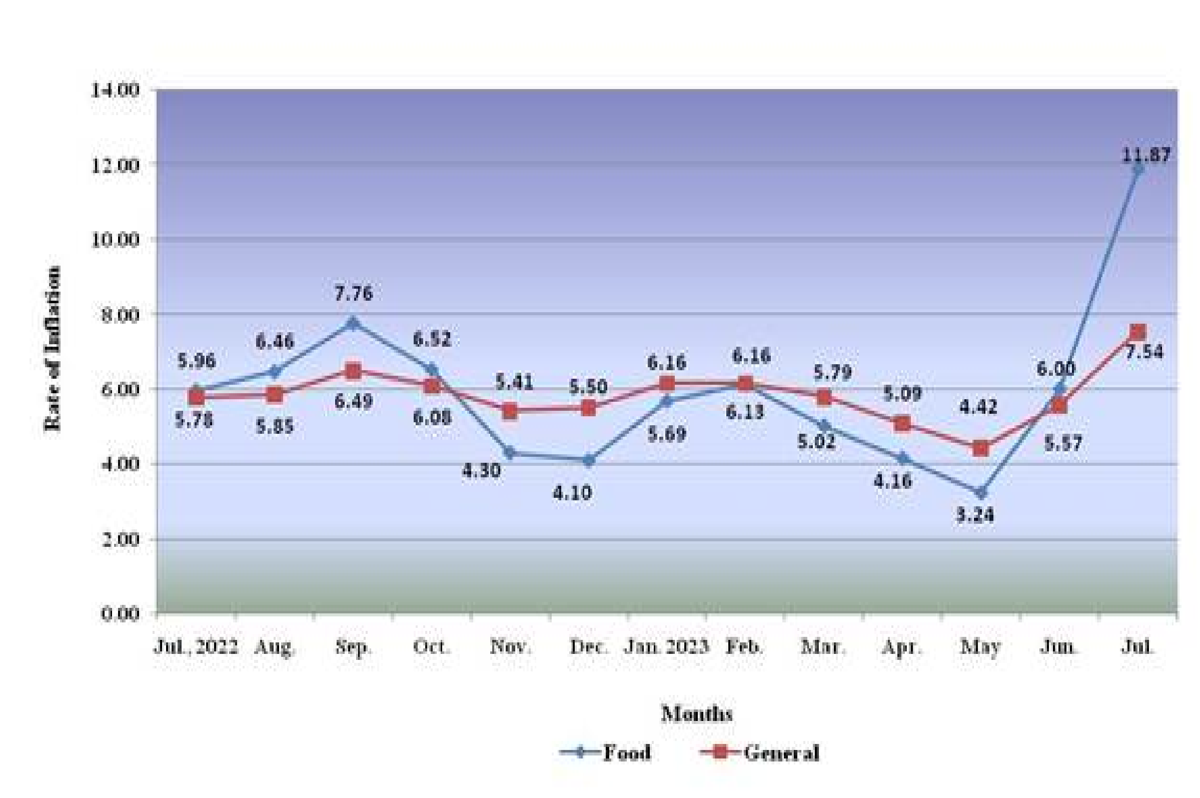
The All-India CPI-IW for July, 2023 increased by 3.3 points and stood at 139.7 (one hundred thirty nine point seven). On 1-month percentage change, it increased by 2.42 per cent with respect to previous month compared to increase of 0.90 per cent recorded between corresponding months a year ago.

The maximum upward pressure in current index came from Food & Beverages group contributing 2.86 percentage points to the total change. At item level, Rice, Arhar Dal/Tur Dal, Apple, Mango, Brinjal, Garlic, Ginger, Gourd(Lauki), Chilies Green, Potato, Onion, Tomato, Cumin seed/Jira, Supari, Saree Cotton, Shirt, T-shirt-readymade, School uniform, Leather Sandle, Chappal, Canvas Shoes, House rent, Auto-rickshaw/Scooter fare, Repair/Service Charges, Utensils, Medicine allopathic etc. are responsible for the rise in index. However, this increase was largely checked by Electricity (domestic) Charges, Kerosene oil, etc. putting downward pressure on the index.

At centre level, Gurugram recorded a maximum increase of 8.3 points. Among others, 3 centres recorded increase between 7 to 7.9 points, 4 centres between 6 to 6.9 points, 10 centres between 5 to 5.9 points, 15 centres between 4 to 4.9 points, 14 centres between 3 to 3.9 points, 25 centres between 2 to 2.9 points, 9 centres between 1 to 1.9 points and 4 centres between 0.1 to 0.9 points. On the contrary, Keonjhar recorded a decrease of 1.0 point. Rest of two centers index remained stationary.

Year-on-year inflation for the month stood at 7.54 per cent compared to 5.57 per cent for the previous month and 5.78 per cent during the corresponding month a year before. Similarly, Food inflation stood at 11.87 per cent against 6.00 per cent of the previous month and 5.96 per cent during the corresponding month a year ago.

Y-o-Y Inflation based on CPI-IW (Food and General)



All-India Group-wise CPI-IW for June, 2023 and July, 2023

Sr. No.

Groups

June, 2023

July, 2023

I

Food & Beverages

137.8

145.1

II

Pan, Supari, Tobacco & Intoxicants

156.0

156.3

III

Clothing & Footwear

137.0

138.0

IV

Housing

123.4

125.7

V

Fuel & Light

181.5

181.0

VI

Miscellaneous

132.6

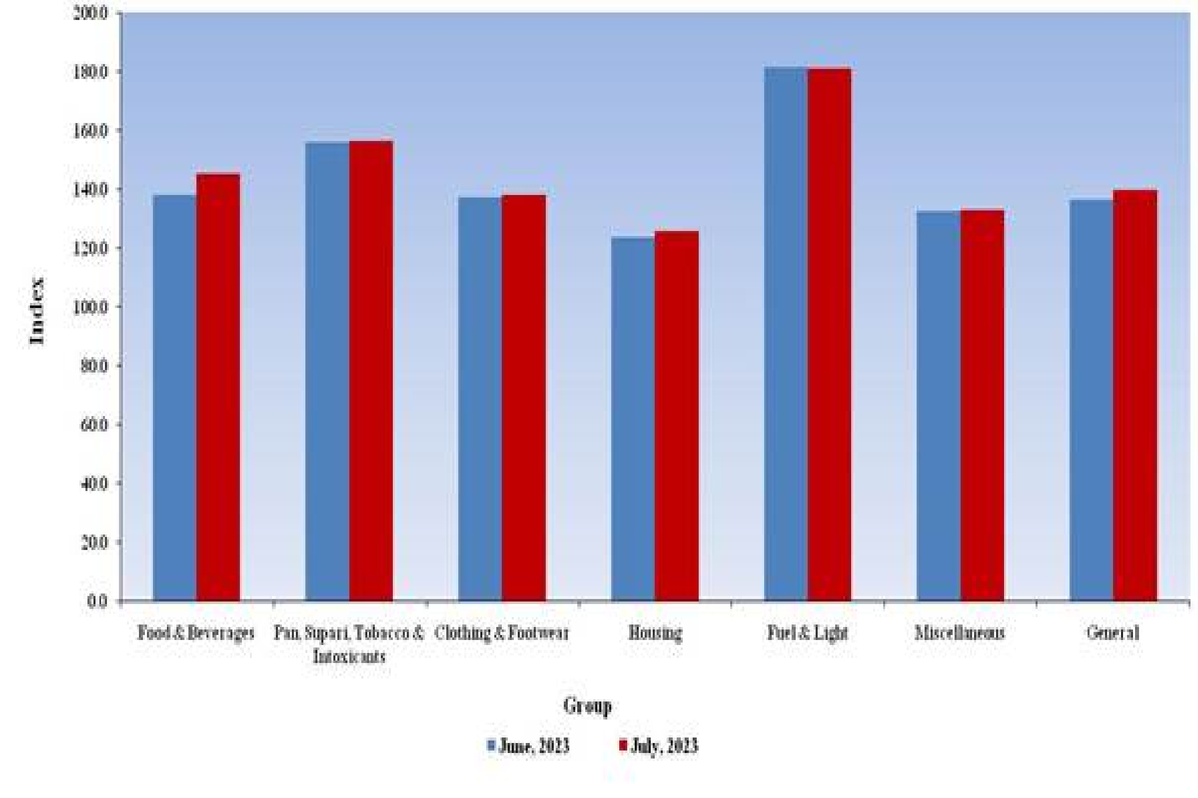
132.8

General Index

136.4

139.7

CPI-IW: Groups Indices



The next issue of CPI-IW for the month of August, 2023 will be released on Friday, 29th September, 2023. The same will also be available on the office website *www.labourbureau.gov.in*.

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MJPS

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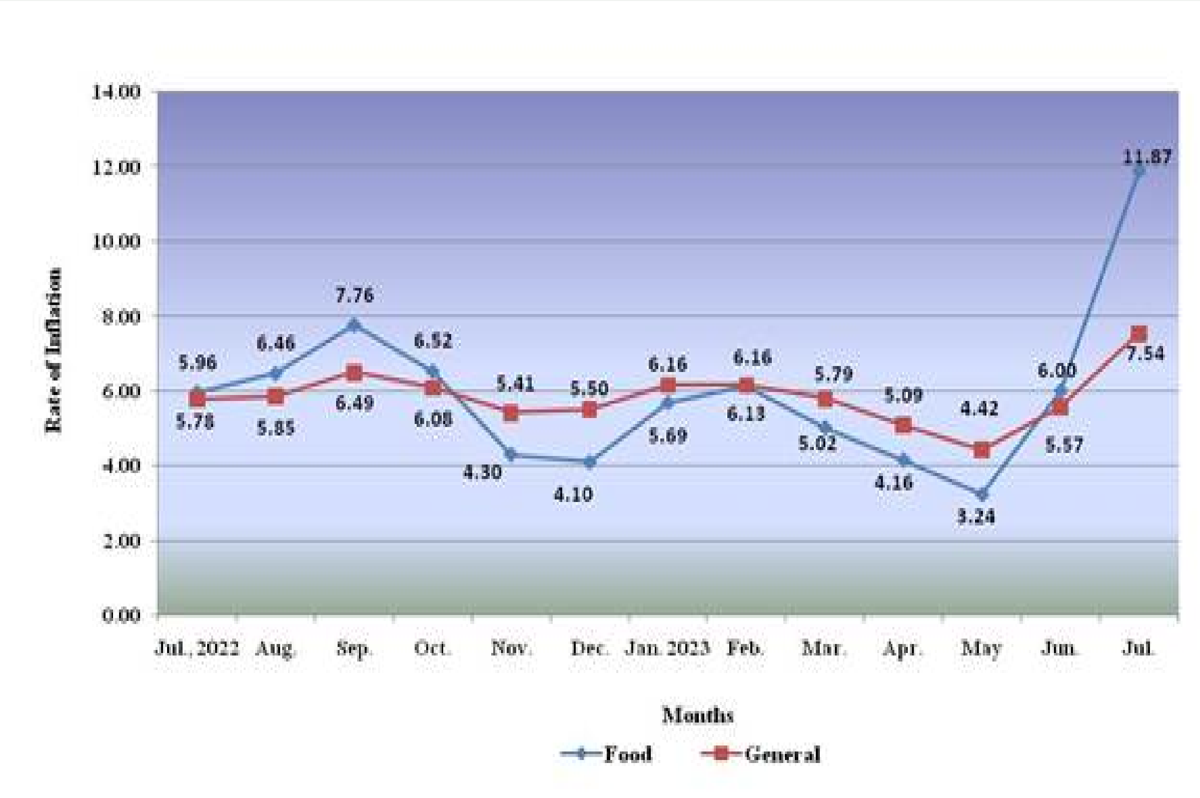

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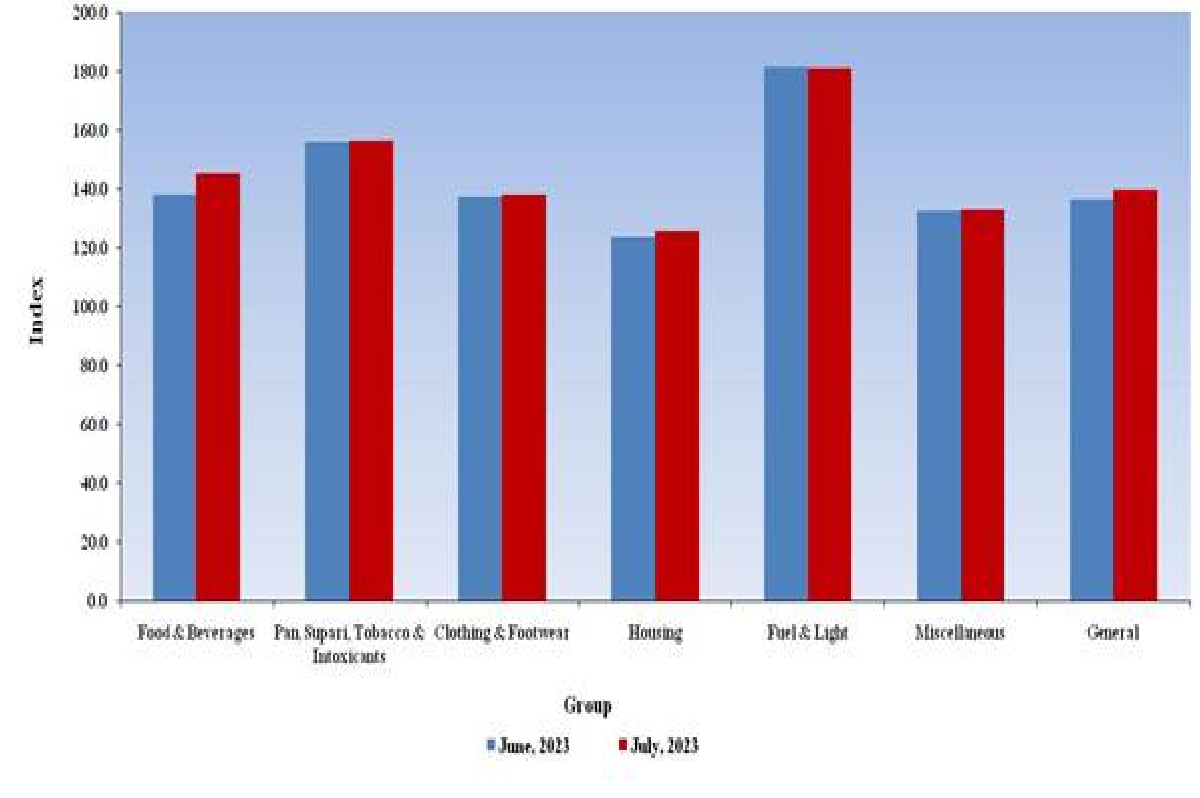

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MJPS

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Source : www.pib.gov.in Date : 2023-09-01

AT 7.8% YEAR ON YEAR, INDIA'S GROWTH RATE TOWERS ABOVE THE GROWTH RATE IN SEVERAL OTHER LEADING ECONOMIES, SAYS CHIEF ECONOMIC ADVISER

Relevant for: Indian Economy | Topic: Issues relating to Mobilization of resources incl. Savings, Borrowings & External Resources

Dr. V. Anantha Nageswaran, Chief Economic Adviser (CEA), Ministry of Finance, said that at 7.8% year on year, India's growth rate towers above the growth rate in several other leading economies. India's economic growth maintained the strong momentum witnessed in the final quarter of FY23, he added.

The CEA was briefing media after the release of the estimates of Gross Domestic Product (GDP) for the April-June quarter (Q1) of 2023-24, both at Constant (2011-12) and Current Prices, by the National Statistical Office (NSO), Ministry of Statistics and Programme Implementation in New Delhi today evening.

Dr. Nageswaran said that overall India's macroeconomic stability and growth prospects are its strong points and the first quarter GDP data has reaffirmed these two key aspects of the Government's overall macro-economic management, particularly during the COVID Pandemic years. India's economy in Q1 grew at the fastest pace in a year, on the shoulders of a boost in capital expenditure both at central and state levels, along with stronger consumption demand, especially in rural areas, and improved performance in the services sector, he added.

The biggest positive for Indian economy is that the private sector capital formation is well underway. This augurs well for future employment and income growth of Indian households, the CEA said. **He further highlighted that the new Investment projects announced by the Private Sector have been highest in Q1 of FY2023-24 in 14 years.**

Dr. Nageswaran explained that the rural demand for FMCGs has increased especially for high value goods. The same trend is evident for small towns, contributing to growth, he added.

The CEA said that inspite of global slowdown, the services sector exports have shown a remarkable performance. Both manufacturing and services sectors are expanding and income growth is evident in the recovery in rural demand, Dr. Nageswaran said.

The CEA said that residential real estate sector will underpin growth in the construction material sector.

Dr. Nageswaran stated that the Union government's single-minded focus on capital expenditure over the years has crowded in the private sector and it has rubbed off on state governments too. However, the CEA added, inflation developments are under control but they bear watching.

Summing up the briefing, Dr. Nageswaran said:

Click here for CEA's Presentation

[Click here for MOSPI Press Note](#)

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NB/VM/KMN

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Source : www.pib.gov.in Date : 2023-09-01

UNION MINISTER OF FISHERIES, ANIMAL HUSBANDRY & DAIRYING, SHRI PARSHOTTAM RUPALA LEADS THE SAGAR PARIKRAMA PHASE VIII

Relevant for: Indian Economy | Topic: Economics of Animal-Rearing incl. White, Blue & Pink Revolutions

Union Minister of Fisheries, Animal Husbandry & Dairying, Shri Parshottam Rupala led the Sagar Parikrama Phase VIII along with Minister of State, Dr L Murugan in the presence of Secretary, DoF, Dr. Abhilaksh Likhi, Joint Secretary, Smt. Neetu Kumari Prasad and Chief Executive, National Fisheries Development Board, Dr. L.N Murthy.

Sagar Parikrama Phase VIII program began with a warm welcome of Shri Parshottam Rupala by fishermen and women and moved forward to Muthalapozhy fishing Harbour and Vizhinjam Fishing Harbour of Thiruvananthapuram district. Shri Parshottam Rupala interacted with fishermen to gain insights into their way of life and livelihood. This interaction involved open conversations where the fishermen shared their experiences, challenges, and aspirations such as expansion of Harbour at Vizhinjam Fishing Harbour as the number of boats has increased. Union Minister (FAHD) discussed about the Muthalapozhy breakwater structure, and deliberated on design which is being re-evaluated to implement necessary corrective measures under PMMSY initiative. Shri Rupala shared that the primary goal of such interactions is to bridge the gap between policymakers and the people directly affected by those policies. Approximately 200 fishermen participated at Muthalapozhy fishing Harbour and 150 fishermen participated at Vizhinjam Fishing Harbour.

Further, Shri Parshottam Rupala along with Dr L Murugan visited and inspected the production units for Silver Pompano at CMFRI. Shri Rupala advised to put up big production units to maximize the outputs.

Following this, Union Minister (FAHD) led delegation of dignitaries and senior officials visited Kanyakumari district. Apart from Dr L Murugan, Hon'ble Minister of State FAHD, Nagercoil Legislative Assembly Member Gandhi and former Union Minister Mr. Pon were also present at the event. In subsequent interactions at the coastal villages fishermen urged the Ministers on various demands such as Marine Ambulance, rescue facility for fishermen by helicopter, increasing insurance for fishermen to Rs.10 lakh and improvement of infrastructure for fishing including provision of Radio phones and communication centers. Various scheme beneficiaries, fishermen, fisherwomen, fish farmers and boat owners shared their on-ground experiences and life stories with the delegation. Fishermen also expressed happiness on tremendous contribution of various government schemes like PMMSY and KCC on their livelihoods.

Union Minister Shri Rupala assured that the demands of the fishermen will be considered and appropriate action will be taken on each one of them. He thanked fishermen for discussing the challenges and informed that study will be conducted for improvement in fisheries related parameters. Further he informed that due to high demand of fishermen from all over the country to support them in improving their livelihood, Prime Minister established separate department of fisheries. The investment in fisheries sector has been made for the development of fisheries sector by understanding the ground realities. Shri Rupala also appreciated the contribution of the villagers in the fisheries sector and talked in detail about eliminating the critical gaps in the value chain of fisheries.

In addition, Shri Parshottam Rupala requested the beneficiaries to come forward and use the benefits of KCC for fish farmers and allied activities. He also requested volunteers to help in creating awareness of the schemes such as PMMSY, KCC so that the beneficiaries can take benefit of the same.

MoS, Dr L Murugan enlightened on seven phases of Sagar Parikrama to great reception and satisfaction of the fishermen and women. Further, he highlighted that Tamil Nadu holds a huge potential for the marine fisheries in the country as well as being a leader in appropriate marine fishing regulations, maintenance of the proper hygiene and sanitation in the marine fish landings and technology infusion. He said that India is at 4th place in the world in Marine food export. He also shared with contentment that Kaimedu Harbour, Chennai is now modernized and in last 9 years Rs 38,500 Cr have been allotted for development of fishermen community. He thanked fishermen, fish farmers, beneficiaries, coast guard officers for sharing their suggestions for enhancing fisheries sector.

Later in the day, a stage program is planned at Kanniyakumari where Shri Parshottam Rupala along with other dignitaries would interact with about 700 fishermen, distribute various benefits to over 160 beneficiaries and address the gathering.

Fisheries and aquaculture are major sources of food and nutrition, as well as employment, money, and foreign exchange. India has a diversified aquatic resource base and produces a wide range of fish. This important sector in India provides livelihood, employment, and entrepreneurship opportunities to around 2.8 crore fishers and fish farmers at the primary level, as well as many lakhs farther up the value chain. India is the third largest fish producing country, accounting for around 8% of global fish production. Globally, India ranks first in shrimp culture and second in aquaculture fish output.

Aim of Sagar Parikrama is Fishing for a better tomorrow, and this is where livelihood meets sustainability. Sagar Parikrama Yatra is a one-of-a-kind mega fisher's outreach initiative led by Union Minister of Fisheries,Animal Husbandry and Dairying that began in March 2022 and would span around 8000 kilometres of India's coastline. The Yatra's goal is to meet fishers at their doorsteps, hear their difficulties and grievances, witness village level ground realities, encourage sustainable fishing, and ensure that government subsidies and initiatives reach the final mile. So far, the Yatra has covered seven phases across coastal states/UTs ranging from Mandavi in Gujarat to Vizhinjam in Kerala.

The Department of Fisheries,Ministry of Fisheries, Animal Husbandry and Dairying, Government of India, and National Fisheries Development Board along with the Department of Fisheries, Government of Kerala, Government of Tamil Nadu, Indian Coast Guard, and fishermen representatives are organizing as well as actively participating in the the Sagar Parikrama Phase VIII which started on 30th Aug 2023 from Vizhinjam, Kerala. In Vizhinjam, the parikrama covered Muthalapozhy Fishing Harbour, Vizhinjam Fishing Harbour and CMFRI Centre and moved along the coast to Kanyakumari District, Tamil Nadu. The Sagar Parikrama Phase VIII Yatra will proceed across coastal regions of Tamil Nadu covering Thengapattanam, Thoothoor, Valavalli, Karumpanai, Vaniyakudi, Colachel, Muttom, Uvari, Periathalai, Veerpandiyan Pattinam, Tharuvaikulam, Mookaiyur, Rameshwaram, Mandapam and Valamavur villages, covering 4 coastal districts of Kanniyakumari, Tirunelveli, Thoothukudi and Ramanathapuram. Other coastal districts like Thiruvallur, Chennai, Kancheepuram, Villupuram, Cuddalore, Thiruvarur, Karaikal and Puducherry Union Territory shall also be covered in upcoming sub-phases of Sagar Parikrama.

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SK/SS/SM

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SK/SS/SM

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Source : www.thehindu.com Date : 2023-09-02

AN UNEVEN REBOUND: THE HINDU EDITORIAL ON THE ECONOMY

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Inflation & Monetary Policy

September 02, 2023 12:10 am | Updated 01:04 am IST

India’s economy, as measured by the Gross Domestic Product (GDP) as well as the Gross Value Added (GVA), grew 7.8% in the first quarter (Q1) of the year. This is the highest GDP uptick in four quarters, but slightly underwhelming relative to the 8% growth estimated by the Reserve Bank of India (RBI). The central bank’s 6.5% growth projection for 2023-24 factors in a decline in the uptick rate in each of the subsequent quarters of this year, culminating at 5.7% in the final quarter. One will have to wait till October’s meeting of the RBI’s Monetary Policy Committee (MPC) to assess how this math is reworked, although the Chief Economic Adviser V. Anantha Nageswaran believes these GDP numbers do not signal any discomfort in hitting the 6.5% mark for the full year. India remains the fastest growing major economy by a comfortable margin, with China recording a 6.3% rise in the same quarter and facing a fresh slowdown. But the months ahead could prove to be more challenging with global headwinds that have hit goods exports and manufacturing already, combining with domestic pressures from the renewed spurt in inflation and the likelihood of a weak monsoon playing truant with crop yields and farm incomes.

Farm sector GVA maintained its growth pace to rise 3.5% in Q1, but may taper off thanks to the monsoon’s tepid progress and the fear that low reservoir levels may also hurt the rabi crop. The headline growth rates for the services sectors were robust. Trade, hotels and transport rose 9.2%, but in absolute terms, the employment-intensive segment remained 1.9% below pre-COVID-19 levels, indicating the recovery is still incomplete. While the government has been asserting that the private investment cycle has finally taken off, the gross fixed capital formation trends indicate it is still government capital spending that is doing the heavy lifting. Manufacturing GVA grew for the second successive quarter after six months of contraction, but only accelerated slightly from 4.5% to 4.7%, so a broader rebound in consumption demand is likely still awaited. Private consumption spending rose 6% but economists believe this is still dominated by demand from high income earners. Depending on how long the current streak of spiked inflation, especially in food items, persists, demand from lower income segments would be dented afresh. A feeble recovery in rural demand could also come undone if farm incomes take a hit. Interventions to counter inflation, such as export curbs on rice and onions, will hurt growth and the external trade balance, while relief measures, such as the 200 cut in LPG cylinder prices, that may proliferate ahead of the general election, also pose risks to the fiscal math and growth.

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economy (general) / Monsoon / Reserve Bank of India / China / recession/slowdown / agriculture / hotel and accommodation / transport / Coronavirus / manufacturing and engineering / inflation and deflation / General Elections 2024

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Source : www.pib.gov.in Date : 2023-09-05

SHRI SARBANANDA SONOWAL DEDICATES PROJECTS WORTH 216.53 CRORES TO THE NATION, BOOSTING NEW PROJECTS FOR CAPACITY EXPANSION AT VIZAG PORT

Relevant for: Indian Economy | Topic: Infrastructure: Ports & Waterways

The Union Minister of Ports, Shipping & Waterways, Shri Sarbananda Sonowal dedicated projects worth 216.53 crores to the nation, including inauguration of world class state-of-the-art Vizag International Cruise Terminal (VICT) in Vishakhapatnam today. The Minister also inaugurated Covered Storage Shed-2 in Port area, 1 World Class Truck parking terminal as well as 1 Oil refinery berth, in an attempt to boost the capacity of the Vizag Port (VPA) towards becoming a regional hub of cruise and cargo traffic in the near future. The Minister was accompanied by the Minister of State for Ports, Shipping & Waterways and Tourism, Shri Shripad Yesso Naik; Smt R K Roja, Minister of Tourism, Culture & Youth Advancement, Government of Andhra Pradesh; Smt Vidadala Rajini, Minister of Health, Family Welfare & Medical Education, Government of Andhra Pradesh; Shri Gudivada Amarnath, Minister of Industries, Investment & Commerce, Information Technology, Handloom & Textiles, Government of Andhra Pradesh; and Smt Golagani Hari Venkata Kumari, Mayor, Greater Visakhapatanam Municipal Corporation.

Speaking on the occasion, Shri Sonowal said, “Under the visionary leadership of Prime Minister Shri Narendra Modi ji, the ports of India has been developing to reach the global standard with a focus approach on modernisation, mechanisation & digitisation. Our government under the leadership of Modi ji, remains committed to make India the third largest economy in the world by 2030. Our ports led development approach is an important element to realise this vision and we remain at work to modernise, equip and enable our ports to become a vital lynchpin of development of the region. Before 2014, this stood at 821 million MT. Today, you will be happy to know that we have increased our cargo movement capacity to 1681 million MT by our 12 major ports today, thereby more than doubling our capacity in a span of just nine years. This is not all. Before 2014, it took 44 hours to unload cargo from a ship but this has come down to 26 hours now, enabling so much of possibilities for growth and trade for people and the country. This transformation in transportation could happen only under the visionary leadership of Prime Minister Shri Narendra Modi ji.”

Adding further, Shri Sonowal said, “With a robust communications gateways via railways, roadways and airways, the revamped marine waterways is likely to add Visakhapatnam's potential to become a major hub of cruise tourism and maritime trade. Under the inspired leadership of the Prime Minister Shri Narendra Modi ji, we are deeply committed to develop world class infrastructure to support and enable growth of cruise tourism and maritime trade. We expect that the volume of cruise ships will increase from 208 in 2023 to 500 in 2030 and upto 1,100 by 2047. The number of passengers availing cruise services is also likely to increase from 9.5 lakhs in 2030 to 45 lakhs in 2047. Similarly, economic potential is also expected to be increase from 712 Crores in 2016 to 35,500 Crores by 2041. The Maritime India Vision 2030 roadmap is estimated to create 2,00,000 new jobs, in the Cruise tourism sector. That's vision of new India that our leader Prime Minister Shri Narendra Modi ji has set for India to become during this Amrit Kaal when India will become a completely developed nation by 2047."

The newly inaugurated VICT was developed with an investment of 96.05 crores with a grant of 38.50 crores by the Ministry of Tourism, Government of India. It has a capacity to accommodate 2000 passenger vessels, requiring a draft of 8.1 meters. The Port has started construction of 4 numbers of Covered Storage Sheds to store bulk cargo with a Capacity of 2,94,000 MT at a cost of 116.04 crores. The newly inaugurated Covered Storage Shed at R1 area was built at an investment of 33.80 crores. This Shed, with a capacity to store 84,000 tonnes of cargo, have mist arrangement for dust suppression to reduce dust pollution. Revamping of oil refinery I, II & III Berths is going on with an investment of 167.66 Cr to handle 14.5 m draft or 85,000 DWT vessels. The Oil Refinery 1 berth - with a length of 243 Mt & constructed at a cost of 50.63 cr - was inaugurated by the Shri Sonowal today. This will enhance capacity addition by 3.81 MMT. The world class Truck Parking Terminal - spread over an area of 20 acres of Port land - was developed with an investment of 36.05 crores. It will increase parking space for port-bound vehicles providing seamless movement of trucks. The Terminal can accommodate 666 vehicles. It also has a 100 bedded dormitory, shops, ATM, Fuel station, Weigh Bridge of 100 Tonne capacity, Workshop and servicing stations and other facilities for the staff operating the trucks.

In Andhra Pradesh, 113 projects worth more than 1.23 Lac Cr. have been identified under Sagarmala Programme. Out of the total projects, 36 projects worth 32,210 Cr. have been completed and 50 projects worth 73,500 Cr. are under implementation and 27 projects worth 17,700 Cr. are in various stages of development. The Vishakhapatnam Fishing Harbour is one of the first five major fishing harbours which will be developed as "Hubs of Economic Activity". It will provide clean, decongested and hygienic modern ecosystem for fishing activities. The Union Ministry of Ports, Shipping & Waterways is financially supporting the modernisation and upgradation of Visakhapatnam Fishing Harbour project with a total project cost of 151 Cr and Sagarmala Grant in Aid of 50 Cr. For upliftment of fishermen community, development of Fishing Harbour in Juvvaladinne in SPSR Nellore District has been taken up with financial assistance under Sagarmala. The project cost is 288 Cr and it is expected to be completed by October 2023. About 25,000 fishermen families will be benefitted.

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MJPS/NSK

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Source : www.pib.gov.in Date : 2023-09-05

UNION MINISTER OF FISHERIES, ANIMAL HUSBANDRY AND DAIRYING , SHRI PARSHOTTAM RUPALA CHAIRS 'NATIONAL KCC CONFERENCE FOR FISHERIES,ANIMAL HUSBANDRY & DAIRYING' IN MAHARASHTRA TODAY

Relevant for: Indian Economy | Topic: Economics of Animal-Rearing incl. White, Blue & Pink Revolutions

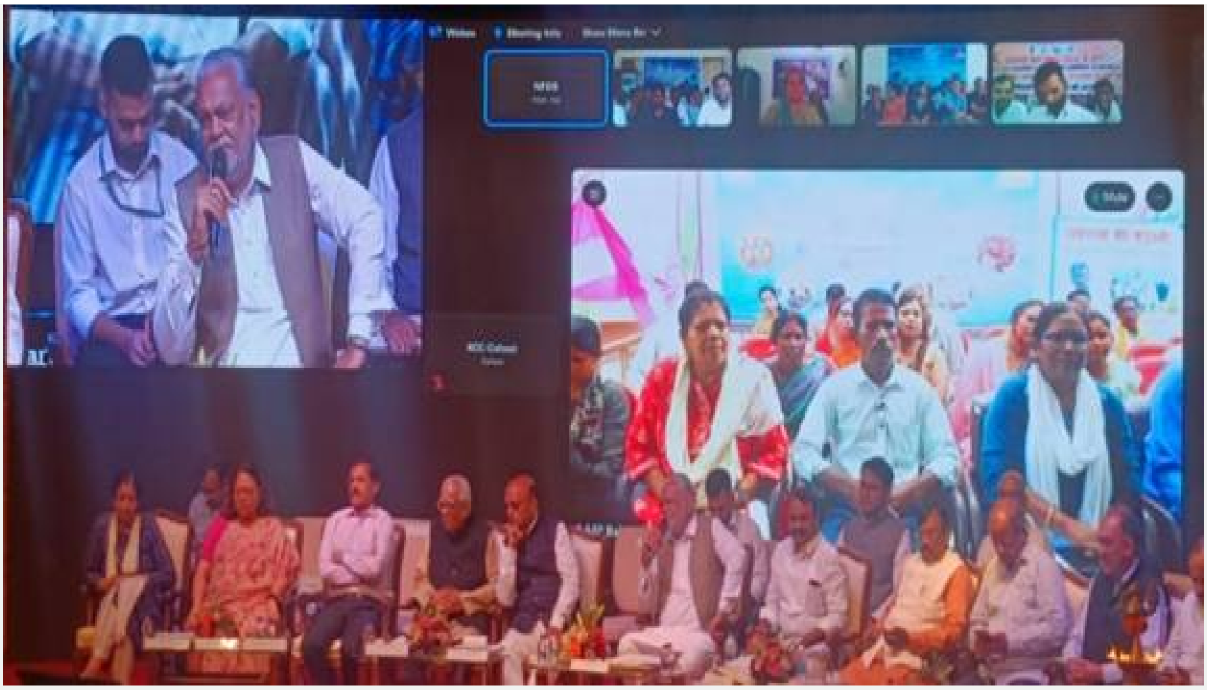
Minister of Fisheries, Animal Husbandry & Dairying, Shri Parshottam Rupala chaired National KCC Conference for Fisheries, Animal Husbandry & Dairying' in Maharashtra today. Ministry of Fisheries, Animal Husbandry & Dairying organised the National KCC Conference in coordination with Department of Fisheries. Minister of State, Fisheries, Animal Husbandry & Dairying, Dr. L. Murugan, Minister of State, Ministry of Finance, Dr. Bhagwat Kishanrao Karad, Minister for Fisheries, Govt. of Maharashtra, Shri Sudhir Mungantiwar, Minister for Revenue, Animal Husbandry and Dairy Development, Govt. of Maharashtra, Shri Radhakrishna Eknathrao Vikhe Patil, Secretary, Department of Fisheries, Dr. Abhilaksh Likhi, Secretary, Department of Animal Husbandry & Dairying, Ms. Alka Upadhyaya, Additional Secretary, Department of Animal Husbandry & Dairying, Ms. Varsha Joshi, Joint Secretary (Inland Fisheries), Department of Fishries, Shri Sagar Mehra and Chief Executive, NFDB, Dr. L. Narasimha Murthy, ARS were present in the event. Special guests, Executive Director, Reserve Bank of India (RBI), Shri Neeraj Nigam and CGM, Dept. of Refinance, NABARD, Shri Vivek Sinha too graced the occasion.

Union Minister Shri Parshottam Rupala congratulated all officials from Department of Fisheries(DoF), Department of Animal Husbandry and Dairying(DAHD), Govt. of Maharashtra. He emphasized that KCC should be issued to both AHD and fisheries' farmers and as a first step they should be acknowledged. This is expected to develop the rural economy. He appreciated the work undertaken by the department officials along with district officers for promotion of KCC during Sagar Parikrama. He said that reviews at district levels should be done to address on ground issue.

Short videos on PMMSY and KCC by DoF /DAHD and KCC with benefits and eligibility of KCC along with testimonials from beneficiaries were shared. Shri Parshottam Rupala distributed KCC cards to eligible fishers and fishermen. Followed by virtual interactions the beneficiaries shared their experiences in availing KCC.

MoS, MoFAH&D, Dr. L Murugan, welcomed everyone for the first National KCC Conference and emphasised that a component of Garib Kalyan includes financial inclusion hence it should be endured that high interest loan imposed by local creditor need to be eliminated through promotion of KCC all over the country. Hence he urged all Banks to come forward, train and build capacity. Minister for Revenue, Animal Husbandry and Dairy Development, Govt. of Maharashtra, Shri Radhakrishna Eknathrao Vikhe Patil advised all bankers present to relax the norms as both the sectors of DAHD and DoF are undergoing transformation and requires credit at the ground level.

Minister of State, Ministry of Finance, Dr. Bhagwat Kishanrao Karad highlighted that as India moves towards achieving our goal of becoming the 3rd largest economy, changes need to take place at the grass root level. He urged that KCC should be given to all fisheries' applicants, pending applications should be dealt with at the earliest and return applications either from bank or applicant should be taken up. Like the state scheme of Gujarat that finances loan at 0%, such a provision should also be proposed to the cabinet. He also urged that small scale vendors and women vendors should be treated as vendors to make implementation easy. He suggested that Banks should participate proactively in promoting the scheme and door to door mobilisation for KCC should take place. Minister for Fisheries, Forest and Cultural Affairs, Govt. of Maharashtra, Shri Sudhir Mungantiwar, appreciated the Sagar Parikarama programme and congratulation the Union Minister for leading the initiative. He emphasised that KCC applicants should be handheld with care and vendors too should be granted loans such that problems of market linkages, technology adoption etc may be resolved. He also suggested that provisions of Corporate Social Responsibility (CSR) should be explored for livelihood generation.



Secretary, Department of Fisheries, Dr Abhilakh Likhi mentioned that with Fisheries has a credit target of Rs 25,000 crore hence ease of business is critical. Prioritisation for examining reasons for rejection of applications, review of Scale of finance for shrimp culture and other intensive activities, credit for women vendors, inclusion of FAHD in Ghar Ghar KCC abhiyan, fund requirements for capacity building, outreach, communication by States/UTs etc were highlighted during the address. Secretary, Department of Animal Husbandry & Dairying, Ms Alka Upadhyaya highlighted that India is known as the ‘Dairy of the world’ and now India needs to move ahead from self-sufficiency towards entrepreneurship and value addition. Need for KCC outreach at district and block levels for coverage of larger beneficiary base and need for monitoring in collaboration with DFS was emphasised upon.

The event kick started with Welcome address by Joint Secretary (Inland Fisheries), Department of Fishries, Shri Sagar Mehra and requested all stakeholders present to share their views, issues, challenges, suggestions, feedbacks to identify specific causes and gaps in implementation of KCC scheme. He emphasised that certain norms need to be relaxed and some corrective actions need to be taken so that KCC reaches all eligible farmers across the country. Additional Secretary, Department of Animal Husbandry & Dairying, Ms. Varsha Joshi highlighted the achievements on KCC in DAHD and challenges faced by the sector. She urged that stakeholders should relax few norms and educate farmers as needed.

Executive Director, Reserve Bank of India (RBI), Shri Neeraj Nigam highlighted that enhancement in uptake of small loans is essential to achieve financial inclusion. He deliberated that banks need to comply with RBI KCC guidelines, further, bank staff may be trained in financial literacy and campaigning should be done across the year, processing timelines should be followed while status should be relevantly communicated by the banks. He mentioned that monitoring should be taken seriously and should be done at the lower levels i.e. block and district levels for issues to be further highlighted at the state level. CGM, Dept. of Refinance, NABARD, Shri V.K Sinha highlighted that allied sectors of agriculture have become equally important as the core sector itself and for realising the actual potential each value chain node needs to be focused upon. He highlighted that NABARD is reviewing RRBs regularly and will continue to do so to get on-ground information. He suggested that uniform guidelines should be made available for bankers to follow on issues related to the documentation.

Chief General Manager, ABU & GSS, SBI, Shri Shantanu Pendsey briefly spoke about the products offered by SBI to farmers which includes the newly developed product for supporting value addition/ processing in the value chain. He informed that challenges highlighted during the discussion have been duly noted and as an immediate step an advisory will be issued and circulated to ground zero for reiterating on compliance to the KCC guidelines and relaxation of insistence of ownership papers, cibil score while norms such as no collateral till 1.6 lakh, guarantor be followed. Former Governor Uttar Pradesh, Shri Ram Naik appreciated the Sagar Parikrama programme led by the Union Minister, MoFAH&D and urged inclusion of CSR for activities such as small landing centers etc should be promoted.

A total of 80,000 participants joined through physical and virtual modes; 35 states/UTs joined from 370 locations with 21,000 fishers and fish farmers, 9000 joined physically and through virtual mode while 50,000 AHD farmers connected through 1000 Common Service Centers (CSCs). Around 22 lakh public were reached out through digital, electronic, print media as part of outdoor campaign and publicity material in 7 vernacular languages on Guidelines/SOP were distributed and video on KCC facility for Fisheries was released. The programme concluded with Vote of Thanks by CE, NFDB, Shri L N Murthy.

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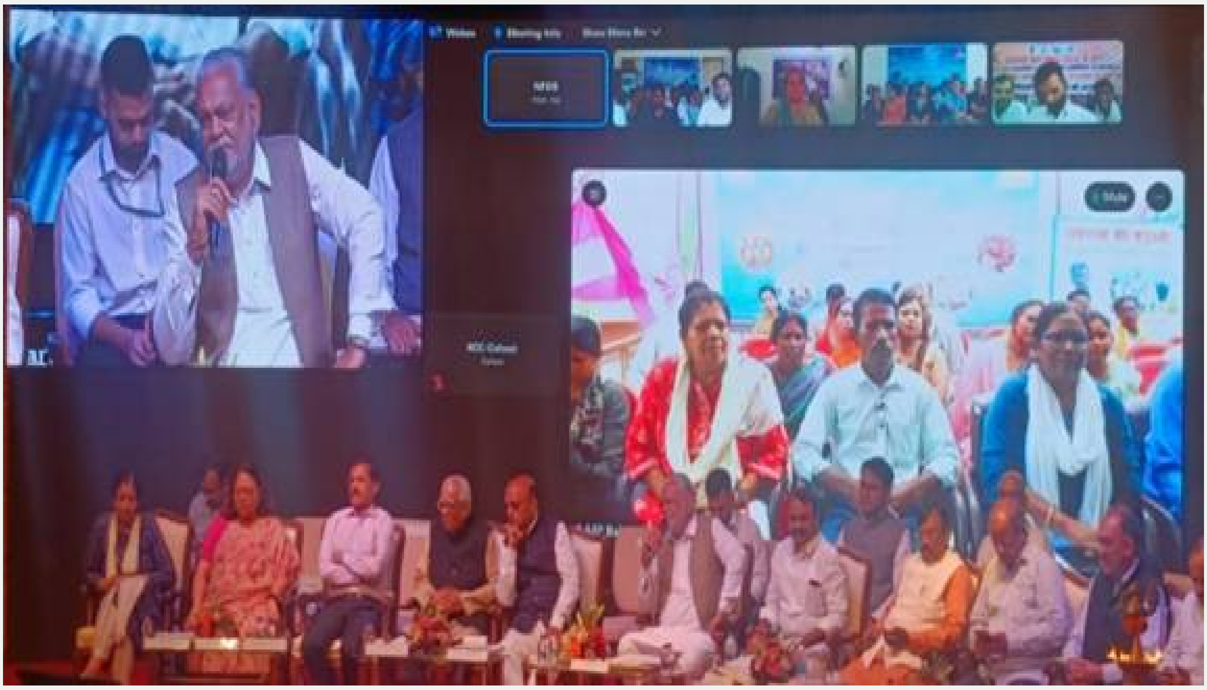

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Source : www.thehindu.com Date : 2023-09-06

CHINA TO LAUNCH NEW $40 BLN STATE FUND TO BOOST CHIP INDUSTRY

Relevant for: Indian Economy | Topic: Issues relating to Mobilization of resources incl. Savings, Borrowings & External Resources

September 05, 2023 05:18 pm | Updated 06:44 pm IST - BEIJING

The new state-backed fund aims to raise 300 billion yuan ($41 billion) outdoing similar funds in 2014 and 2019. | Photo Credit: Reuters

China is set to launch a new state-backed investment fund that aims to raise about $40 billion for its semiconductor sector, two people familiar with the matter said, as the country ramps up efforts to catch up with the U.S. and other rivals.

It is likely to be the biggest of three funds launched by the China Integrated Circuit Industry Investment Fund, also known as the Big Fund.

Its target of 300 billion yuan ($41 billion) outdoes similar funds in 2014 and 2019, which according to government reports, raised 138.7 billion yuan and 200 billion yuan respectively.

One main area of investment will be equipment for chip manufacturing, said one of the two people and a third person familiar with the matter.

(For top technology news of the day, subscribe to our tech newsletter Today's Cache)

President Xi Jinping has long stressed the need for China to achieve self-sufficiency in semiconductors. That need has become all the more pressing after Washington imposed a series of export control measures over the last couple of years, citing fears that Beijing could use advanced chips to boost its military capabilities.

In October, the U.S. rolled out a sweeping sanctions package that cut China's access to advanced chipmaking equipment and U.S. allies Japan and the Netherlands have taken similar steps.

The new fund was approved by Chinese authorities in recent months, two of the people said.

China's finance ministry is planning to contribute 60 billion yuan, said one person. Other contributors could not be immediately learned.

All the sources declined to be identified as the discussions were confidential.

The State Council Information Office, which handles media queries on behalf of the government, the finance ministry and the Ministry of Industry and Information Technology did not immediately respond to Reuters requests for comment.

The Big Fund also did not immediately respond to requests for comment.

The fundraising process will likely take months and it was not immediately clear when the third fund will be launched or if further changes will be made to the plan, said the first two sources.

Backers of the Big Fund's previous two funds include the finance ministry and deep-pocketed state-owned entities such as China Development Bank Capital, China National Tobacco Corporation and China Telecom.

Over the years, the Big Fund has provided financing to China's two biggest chip foundries, Semiconductor Manufacturing International Corporation and Hua Hong Semiconductor , as well as to Yangtze Memory Technologies, a maker of flash memory and a number of smaller companies and funds.

Despite those investments, China's chip industry has struggled to play a leading role in the global supply chain, especially for advanced chips.

The Big Fund is considering hiring at least two institutions to invest the new fund's capital, said the three people.

Several senior officials and former officials at SINO-IC Capital, the sole manager for the Big Fund's first two funds, have been under investigation by China's anti-graft authority since 2021.

Even so, SINO-IC Capital is expected to remain one of the managers for the third fund, said two of the people.

SINO-IC Capital did not immediately respond to a request for comment.

Chinese officials have also reached out to China Aerospace Investment, the investment arm of state-owned China Aerospace Science and Technology Corporation, to discuss being one of the managers, said two of the people.

China Aerospace Investment did not immediately respond to a request for comment.

END

Source : www.thehindu.com Date : 2023-09-08

DO SUBSIDIES AND SAFETY NETS TAKE FOCUS AWAY FROM GENERATING JOBS?

Relevant for: Indian Economy | Topic: Issues Related to Poverty, Inclusion, Employment & Sustainable Development

September 08, 2023 12:15 am | Updated 12:15 am IST

A woman in a Nagepur in Varanasi lights up her LPG stove received under the Ujjwala scheme. File | Photo Credit: The Hindu

Despite India posting impressive economic growth numbers, employment has not seen a commensurate increase. With five States going to the polls at the end of the year, political parties have been announcing several promises, largely to address concerns of price rise of essentials. Are these promises a distraction from providing solutions to what appears to be a systemic concern – jobless growth? **Praveen Chakravarthy** and **M. Suresh Babu** discuss the question in a conversation moderated by **Kunal Shankar**. Edited excerpts:

The Congress appears to be using the ‘five promises’ template that it did in Karnataka in the upcoming Assembly elections as well. They range from cheaper gas cylinders to farm loan waivers. Some might say these are populist measures that do not address the larger systemic issue of unemployment in largely rural States such as Chhattisgarh and Madhya Pradesh. What do you think?

M. Suresh Babu: Unemployment is India’s single biggest problem. This is especially the case for the educated youth. Coming to electoral promises, I think it is a mixed bag. In Chhattisgarh, for example, some promises serve a tiny population, such as the Old Pension Scheme (OPS), and are therefore not desirable. But others, such as cheaper gas cylinders, are reasonable. Conventionally, policymakers and economists characterise growth as a big tide which lifts all boats. But unfortunately, this is not the case. There is a section of the population that is left out of this growth and we need to include them. And for that, we need to resort to so-called populist measures. But some of the other measures are political in nature.

Also read | **Despite India’s economic growth, few jobs and meagre pay for urban youth**

Praveen Chakravarthy: We must understand the larger context of political economy and society that we live in. I will try and explain this using an analogy. We all seem to agree that there is a disease, and the disease is unemployment. The ‘surgeons’ or the experts who judge economies do not have a solution for this disease. So, in the absence of a remedy, we can attempt to only alleviate the pain with palliatives. Electoral promises are painkillers, and we need them if we don’t have more structural solutions for the disease. The fact is, this is where the profession of economics has failed societies at large. This is not just an India-specific problem; there is jobless growth now in almost every country. The economist Mariana Mazzukato also spoke about this obsession with growth when it is not translating into gains for the average person. The productivity obsession since the neoliberal consensus has benefited a very small share of the population. In this situation, what do you expect political leaders to do when they face the public every five years? If there is a solution that can generate jobs and incomes and prosperity for the median person, political parties will be the first to jump on to it, but there is none.

Agriculture continues to be India's largest employer; yet, farm loan waivers is the 'palliative care' offered, without addressing non-remunerative prices for produce and severe supply chain vulnerabilities exacerbated by climate change.

M. Suresh Babu: We need a pragmatic approach towards price stabilisation of agriculture produce. Recently, we saw the price rise of tomato and yet the farmer is not guaranteed of a minimum steady price. It is here that we should seriously think about technological interventions in terms of converting output into higher value-added products. This is a long-term solution.

Data | **How much employment generation does the economy need?**

In other words, attempting supply chain resilience?

M. Suresh Babu: Exactly.

But Praveen, when we have realised such supply chain vulnerabilities, such as the lack of storage facilities that are weatherproof or a farmers' network to value add, say, by making purees when there is excess tomato produce, poll promises simply mention 1,500 a month for women in distress, as is the case in Chhattisgarh. This addresses the lack of purchasing power, but when the issue is a supply crunch leading to inflation, how does this help?

Praveen Chakravarthy: These tensions are inherent in an economy, right? When there is joblessness, when income growth is stagnant, when there is decline in purchasing power for the bottom half of the population, to say 'don't indulge in safety nets and support for them because it will trigger inflation for everybody else' is being a bit unfair. We understand that a balance must be struck.

Data |**The contours of India's 'formal jobs' crisis**

But I must say, I do agree that certain promises are unwarranted. Suresh talked about the OPS. We must view this through the lens of inequality. Bringing back the OPS would exacerbate inequality. Madhya Pradesh spends close to 13% of its overall expenses on OPS, but it benefits less than 2% of the people who were in government jobs. So, it is a transfer from the poor to the rich. So, while the OPS might be criticised for its fiscal profligacy, it must be criticised for its inherent inequality, right? This is where I can tell you that there is simply no empirical evidence to suggest that bringing back OPS scheme will help a party win an election.

Let me come to whether these subsidies are indeed a drain on the exchequer, and if we are missing unrecognised correlated benefits. Haryana strictly adhered to the Fiscal Responsibility and Budget Management Act (FRBM), 2003, of a 3% fiscal deficit mandate. The FRBM was enacted to address what was then a mounting concern, of some States' unsustainable fiscal debt. But Haryana's unemployment rate is among the highest in the country. Is there a correlation that we are missing here?

M. Suresh Babu: Haryana is a very interesting case. If you look at State finances and their expenditure patterns, there is no robust correlation between so-called populist policies and fiscal distress. It is not the populist measures that are really impacting expenditure, but there is a problem in terms of tackling it in the long run because the revenue mobilisation efforts of some of these States are rather limited. It is in this context that we must see some of these populist expenditures. A recent ‘Data Point’ in *The Hindu* said that 25% of those who availed of the Ujjwala Scheme, which subsidises LPG cylinders, did not seek a refill or sought just one. This is important in the context of putting 1,500 every month in the hands of women. So, some of these targeted sections must be considered when we talk about this so-called populism.

Also read | **Indian job market to see 22% churn in 5 yrs; AI, machine learning among top roles: WEF**

Here I would slightly differ from Praveen’s view on GDP and economic growth. You see, ultimately GDP growth is important because if you look at India’s growth scenario over the years, we find that it is precisely in the years when we have had high GDP growth that we saw poverty reduction as well. What we must focus on now is growth with employment. Developing economies are undergoing two transitions that must be kept in mind. One is a structural transition that is trapping them in the middle-income category due to their inability to really push industrialisation. Second, we find that there is a huge energy transition that is taking place with major implications on employment.

Praveen Chakravarthy: If you put money in the hands of people, it triggers consumption, which helps the larger economy. What we are debating here is the most efficient use of fiscal expenditure. Like I said, governments and political parties are forced to resort to palliative care in the absence of another solution. I accept that GDP growth broadly did work in the first 10-12 years post liberalisation. My argument is it has stopped working since. So long as the rich keep getting richer, your per capita will keep growing, but that doesn’t mean poverty reduction.

I agree with Suresh’s arguments about structural changes. I’ll give you an example. We suddenly have this obsession with semiconductor manufacturing. A new project was announced with Micron with 70% of the project cost being borne by the government. This is taxpayer money, but it will only create 5,000 jobs in the next 10 years. We used to think of traditional manufacturing as yielding jobs — car-making, steel-making, semiconductor chip production — but these don’t create jobs anymore for a variety of reasons, largely due to mechanisation. So, instead of putting money in semiconductor production, what if we also put it mining for energy transition? What is the most fundamental requirement for this transition? It is mines and minerals — lithium, sodium, potassium. We have mined less than 5% of our vast resources, and mining creates local jobs. It creates jobs for the oppressed castes. So, why are we not putting that money into mining?

Praveen Chakravarty is a political economist & Chairman of the Data Analytics department of the Congress party; M Suresh Babu is Professor, Department of Humanities and Social Sciences, Indian Institute of Technology Madras

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Source : www.thehindu.com Date : 2023-09-11

SECURE AND FAIR: THE HINDU EDITORIAL ON E-COMMERCE TRADE PRACTICES AND REGULATION

Relevant for: Indian Economy | Topic: Issues relating to Mobilization of resources incl. Savings, Borrowings & External Resources

September 11, 2023 12:10 am | Updated 12:10 am IST

India’s efforts to regulate insidious e-commerce trade practices, known as dark patterns, are a welcome step, and long overdue. The government’s consultations with sector stakeholders and consumer advocacy groups culminating with the draft guidelines to prevent and regulate dark patterns — public comments have been sought by October 5 — will, it is hoped, generate the much-needed attention this issue deserves. When the British ‘user experience researcher’ Harry Brignull coined the term dark patterns in 2010, Google (now Alphabet) was considered a benign search engine, and Facebook (now Meta) enabled long-lost connections and an unprecedented access into personal lives even when people lived oceans apart. Dark patterns of profit-making had emerged, but consumer awareness about the consequences to privacy, and time, energy, and money spends was unclear. Examples of dark patterns that have since become ubiquitous include the auto check mark for travel insurance while booking flight tickets; the mandatory requirement of entering emails or phone numbers to access e-commerce sites, which are then used to send text messages or emails that become difficult to block; or birthday wishes that nudge users to buy themselves a gift.

With greater awareness about the surplus profit-making methods of online e-commerce, governments are scrambling to regulate this sector and its trade practices. Last March, the European Data Protection Board issued guidelines on how to recognise and avoid dark patterns on social media platforms, and the United States’ Federal Trade Commission last September warned of a “rise in sophisticated dark patterns designed to trick and trap consumers”. The guidelines in India detail ways to identify and prevent false urgency, basket sneaking, confirm shaming, forced action, and a subscription trap by online platforms. An Advertising Standards Council of India report in 2021 estimated that over 50% of e-commerce sites used dark patterns to sell their products. Now, in what is truly the era of the Fourth Industrial Revolution, net technology giants have systematically collected the behavioural footprint of digital users to sell their or third party products, and amassed profits that are often larger than the Gross Domestic Products of several nations combined. India’s efforts so far to regulate the sector have been confined to preventing tax leakages and protecting the interests of brick and mortar merchants. The new-found focus on consumers, along with the wider view of the need to safeguard privacy in relation to personal data on e-commerce sites and social media platforms, should boost user confidence and ensure a safe, secure, free, and fair digital environment.

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Source : www.thehindu.com Date : 2023-09-11

AS G-20 PLANS CRYPTO REGULATORY FRAMEWORK, INDIA MAY SHELVE PLAN FOR OUTRIGHT BAN

Relevant for: Science & Technology | Topic: Science and Technology- developments and their applications and effects in everyday life

September 10, 2023 10:12 pm | Updated September 11, 2023 08:01 am IST - NEW DELHI

An outright ban on crypto currencies that was mooted by the Reserve Bank of India, and under consideration by the government, is likely off the cards. File. | Photo Credit: Reuters

With the G-20 countries agreeing to explore a coordinated regulatory framework for crypto assets, India could wait a while longer before firming up its domestic regulations for crypto currencies, and initiate a dialogue with stakeholders on the way forward.

An outright ban on crypto currencies that was mooted by the Reserve Bank of India, and under consideration by the government, is likely off the cards, a senior government official indicated on Sunday.

“Earlier, India was contemplating a ban on it. A lot of conversation happened. In late 2021, there was a lot of interest in crypto currencies, a lot of people were buying it and even advertisements were coming in IPL matches, which we felt was not on,” the official recalled.

Also read: Explained | What is the crypto awareness campaign?

“When we went deeper into regulating it, we realised one country alone cannot do it. Unless we get into monitoring and controlling every device on the Internet, which is not the kind of regulation we want in India. So whatever we do, all along this thought has been there to build a global consensus,” the official explained.

The G-20 leaders’ declaration has endorsed the Financial Stability Board (FSB) recommendations to regulate and supervise crypto-assets’ activities. It welcomed a synthesis paper from the International Monetary Fund (IMF) and the FSB, which includes a roadmap for a coordinated regulatory framework that factors in risks, including those specific to emerging markets, and pertaining to money laundering and terror financing.

The G-20 Finance Ministers and Central Bank Governors will discuss taking forward this road map at a meeting in Marrakesh next month.

“The purpose is that the risks are well-managed. Any country can allow higher risks if they want, or ban it if they like, but whatever one does, it should not go below a certain level of regulation otherwise It will lead to shifting of the trade to other jurisdictions," the official pointed out, explaining the G-20 push for timely implementation of FSB recommendations in a consistent manner globally to avoid regulatory arbitrage.

"Each of the recommendations of the paper has to be assimilated, we have to think through what it means vis-à-vis our economy and financial system. It has to be taken up not just by the G-20 countries, but others as well. If one country says we will have a very relaxed approach towards it, it will defeat the entire purpose," he said.

"Based on this, we need to have a conversation based on our system with our stakeholders on how we see the policy recommendations, the roadmap and what is our final view," he underlined.

IMF managing director Kristalina Georgieva said on Sunday that "more work lies ahead" in the realm of digital money and crypto assets. "To this end, the G-20 has tasked relevant institutions to improve regulation and supervision of crypto assets — the IMF is contributing to proposals for a comprehensive policy framework; and advance the debate on how central bank digital currencies could impact the global economy and financial system," she said.

cryptocurrency / G20

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Source : www.thehindu.com Date : 2023-09-12

RIDDING INDIA OF FOOD INSECURITY

Relevant for: Indian Economy | Topic: Issues of Buffer stocks and Food Security

September 12, 2023 12:16 am | Updated 12:16 am IST

‘A shrinking ability of households to finance their food requirement is evident also in studies undertaken in India itself’ | Photo Credit: AP

India may be the fastest growing large economy of the world, but it is also facing accelerating food-price inflation. The rise in the price of food first accelerated sharply in 2019, and has climbed in most years thereafter. In July this year, annual inflation exceeded 11%, the highest in a decade. An implication of continuing high food-price inflation is that a section of the population could be facing hardship in consuming food of adequate nutritional value.

We now have some evidence to this effect. The ‘State of Food Security and Nutrition in the World’ of the Food and Agriculture Organization (FAO) estimates the proportion of the population across countries unable to afford a healthy diet (reported in this newspaper on August 31, 2023, under a datapoint). The figure for India in 2021 is devastating to note — an estimated 74% of the population cannot afford a healthy diet. Given a population of 1,400 million, this makes for approximately one billion Indians. A shrinking ability of households to finance their food requirement is evident also in studies undertaken in India itself.

A study reported in this daily (August 30, 2023 under a datapoint), of the trend in the price of food in Mumbai city over 2018-2023 found that while the cost of preparing a thaali at home has risen by 65%, in this period, the average wage of a manual worker rose by 38% and that of a salaried worker by 28%. The implied reduction in purchasing power is considerable, and it would be reasonable to expect that food consumption has been impacted. This would be in line with the reported rise in the prevalence of anaemia, mostly induced by nutrient deficiency, in the latest National Family Health Survey undertaken over 2019-21. Over 50% of adult women were estimated to be anaemic. This suggests that the FAO’s finding, that over half of India cannot afford a healthy diet, is plausible. Even if we were to assume that the agency has overestimated numbers by 100% we would be left with 500 million people in this category. This is larger than the population of all the countries of the world other than China.

Ensuring that Indians have access to a healthy diet is the most important task of economic policy today. Macroeconomic policy, relied upon to control inflation, has proved to be useless in the context. The Reserve Bank of India has failed in this task, with the inflation rate mostly higher than the target for four years by now. Its approach of contracting output when the inflation rate rises — misleadingly termed “inflation targeting” — does nothing to manage food inflation stemming from the supply side. Central banks are incapable of solving this problem, it must be said within any time frame. It is necessary to intervene on the supply side to ensure that food is produced at a steady price by raising the yield on land.

India has rich experience in this area, having engineered a Green Revolution in the 1960s, but it is not being tapped. At the time, reeling under extreme food shortage following two successive droughts, the government orchestrated a supply-side response by providing farmers with high-yielding seeds, cheap credit, and assured prices through procurement. This succeeded spectacularly. Within a few years India was no longer dependent on food imports.

If there was a single event that aided India's quest to be self-reliant in the highly polarised climate of the Cold War, it was this. Western economists have pointed to the success of the United States' mission to land a human on the moon as an example of an entrepreneurial state. However, to have engineered the Green Revolution in India at a time when it was a desperately poor country challenged by having to ensure food security to a staggeringly large number is perhaps more significant.

With hindsight, we can see that mistakes were made, among them the rampant use of chemical fertilizer, fuelled by subsidy, which degraded the soil. There was also the reliance on procurement prices rather than productivity increase to ensure farm incomes, which fuelled inflation. We also see that the policy was almost exclusively focused on cereals rather than pulses, the main source of protein for most Indians. However, rather than carping about the errors made in an extraordinarily successful economic policy intervention, we should be correcting them now. At the same time, we should focus on the specific goal of lowering the cost of producing food. The first Green Revolution had a specific agenda — of making India self-sufficient in food. In this it succeeded eminently, and in a remarkably short time, but without paying any attention to the cost of producing food. For this, a second agricultural revolution is needed now. To contain the rising price of food would require action on many fronts; a mission mode is necessary. As for policy, it is clear that procurement prices, cash transfers, the Public Distribution System, and priority lending required of public sector banks are not sufficient. Yield increasing interventions on the farm are needed to at least contain the cost of production, if not to actually lower it. Agricultural yield is lower in India than in East Asia, pointing to the potential for an increase. Attention is needed to extend irrigation to 100% of the net sown area, an end to restrictions on leasing of land, a quickening of agricultural research and the re-institution of extension.

Expanding on each of these proposals would be in order. It has been pointed out for some time that increased public expenditure on irrigation is not reflected in an increase in irrigated area — whether due to waste or the diversion of funds has not been established. The ongoing fragmentation of already small land holdings lowers the capacity for productivity-enhancing capital investment, for which leasing is a solution. India's network of public agricultural research institutes needs to be energised to resume the sterling role they had played in the 1960s. Finally, extension has now more or less vanished from where once the gram sevak was a familiar figure in the village, playing a crucial role in the dissemination of best practices. It must be revived. These initiatives should be dovetailed into a programme for the manifold increase of protein production, which India is severely deficient in.

In all the areas identified above, the role of States is crucial. In the 1960s, the States that were chosen for the spread of the new technology worked closely with the central government. This would have to be replicated in order to make a difference to the country as a whole, with the central government taking the States along in a spirit of co-operative federalism. At the same time, it may be asked if the States are playing their part to enhance agricultural productivity rather than relying on food allocations to their Public Distribution System from the central pool.

But, a non-ideological approach would be needed, whether at the Centre or in the States, if a difference is to be made. A noticeable feature of the first Green Revolution was that by relying on private enterprise, the then Prime Minister, Indira Gandhi, chose a capitalist approach (with the objective of making India self-sufficient in food), unmindful of any damage that would be caused to her socialist image. It was the Green Revolution that made the first dent on poverty in India. So, the poor did benefit from this strategy. Similarly, now, in order to ensure that all Indians have permanent access to a healthy diet, no approach consistent with ecological security must be off the table.

Pulapre Balakrishnan is an economist

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Source : www.pib.gov.in Date : 2023-09-13

MINISTRY OF LABOUR AND EMPLOYMENT SIGNS MEMORANDUM OF UNDERSTANDING (MOUS) WITH VARIOUS PRIVATE JOB PORTALS/EMPLOYERS

Relevant for: Indian Economy | Topic: Issues Related to Poverty, Inclusion, Employment & Sustainable Development

The Ministry of Labour and Employment signed Memorandum of Understanding (MoU) with leading private job portals, companies/employers and skill providers to integrate with National Career Service (NCS) portal of the Ministry here today. The objective of MoUs is to enhance employment opportunities and services for jobseekers on NCS portal.

The private job portals partnering with the Ministry of Labour and Employment will share their vacancies on NCS so that the NCS registered jobseekers can seamlessly apply for such vacancies. On behalf of Ministry of Labour and Employment, the MoUs were signed by Shri Amit Nirmal, Deputy Director General (Employment) in the presence of Smt. Arti Ahuja, Secretary Ministry of Labour and Employment and Shri Ramesh Krishnamurthi, Additional Secretary (Labour and Employment).

The MoUs were signed with TeamLease HRtech (Freshersworld), Monster.com India Pvt Ltd referred as foundit, QUESS CORP Limited, Delivery Track (VSS Tech), KARPAGA Assessment APP MATRIX Services Private Limited (HireMee), QUIKR INDIA Private Limited, TCS iON, and Firstjob.co.in to share their vacancies with NCS portal. These vacancies will enhance the employment opportunities to the NCS registered jobseekers. More than 30 lakh eShram registered workers of the unorganized sector who have joined NCS so far, would also be benefitted from this partnership.

The Ministry of Labour and Employment also signed an MoU with TCS iON to provide free of cost online soft skill employability training to the job seekers registered on NCS Portal both in

English as well as Hindi language. This employability training was found very useful in enhancing the employability skills of the jobseekers. Such trainings would help to improve the quality of the work force on their selection.

An MoU was also signed by Ministry of Labour and Employment with KARPAGA Assessment APP MATRIX Services Private Limited (HireMee) to provide a free of cost facility to the jobseekers for self-assessing their suitability for a job through aptitude test. The employers will also be benefited by this feature as they can view the scores of aptitude test and easily do first level of scrutiny which will eventually reduce time in selection of the candidates.

On this occasion, Smt. Arti Ahuja, Secretary, Labour and Employment emphasized that such partnership is important from the perspective of the jobseekers of the country. She highlighted that the NCS portal was also appreciated by the participants of the G20 - Employment Working Group. She also desired to have further partnerships with various government and private organizations which would help NCS to serve better to both jobseekers and employers at large.

Earlier during the day (12.09.2023), Ministry of Labour and Employment also held a meeting with the representatives of Placement Organisations, Employers and Private job portals under the chairmanship of Shri Ramesh Krishmurthi, Additional Secretary, Ministry of Labour and Employment to discuss various aspect relating to improving and strengthening the partnership with NCS portal. The participants of the meeting put forth the suggestions with regards to the challenges and issues being faced by the employers during employment process. The participants also gave their suggestions on the proposed upgradation of the NCS portal.

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MJPS/NSK

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Source : www.thehindu.com Date : 2023-09-14

LITTLE SUCCOUR: THE HINDU EDITORIAL ON CONSUMER PRICE INDEX DATA

Relevant for: Indian Economy | Topic: Issues relating to Mobilization of resources incl. Savings, Borrowings & External Resources

September 14, 2023 12:10 am | Updated 09:11 am IST

The latest Consumer Price Index (CPI) data from the NSO, which shows an easing in the pace of price gains from July's 15-month high, provides little assurance that retail inflation has actually begun to come under control. While the headline year-on-year pace of inflation decelerated slightly in August to 6.83%, gains in food prices, measured by the Consumer Food Price Index, still hovered uncomfortably close to 10%. And urban consumers, in fact, faced food price inflation of 10.4%. Eleven of the 12 items on the heavyweight food and beverages group of the CPI logged price increases, with oils and fats, the sole item logging a year-on-year decline in prices, posting its first sequential increase in nine months. Vegetables, however, provided the silver lining to a still clouded outlook for food prices with tomato leading an appreciable month-on-month deflation of 5.88% in the 19-member basket. Still, the cooking staples of potatoes and onions were among the seven items that continued to log sequential inflation (2.3% and 12.3%, respectively), ensuring that policymakers can ill-afford to drop their guard over politically sensitive vegetable prices. The Centre's imposition last month of a 40% export duty on overseas shipments of the bulb till December 31, a clear sign that it is quite concerned about the continuing uptrend in onion prices, is yet to make much of a tangible impact. Consumer Affairs Department data show the all-India average retail price of onion on September 13 at 33.39 a kilogram was still 8.7% higher than 30.72 on August 19, when the government announced the duty.

The near-term outlook for inflation is also made more uncertain by other factors including a distinct deficit in monsoon rainfall. Besides the overall 10% shortfall, sharp regional and temporal anomalies in rain distribution have impacted either the sowing or the quality of produce of several farm items. Kharif sowing of pulses had, as on September 8, recorded an 8.6% shortfall compared with the year-earlier period. Another inflation driver, crude oil, has also seen a steady rise in prices as the output cuts by major oil producers of the OPEC+ grouping start to bite. The price of India's crude basket had, as on September 12, climbed 7.2% from the average in August to $92.65/barrel, according to official data. For the RBI, the latest inflation data further roils its interest rate calculus. Unless CPI inflation decelerates by an incredible 250 basis points in September to a 4.33% pace, price gains are certain to substantially overshoot the monetary authority's 6.2% forecast for the July-September quarter, leaving it with few real options in order to achieve its medium-term price stability goal of 4% inflation. As the RBI has been at pains to stress, failure to anchor inflation expectations risks hurting growth.

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Source : www.thehindu.com Date : 2023-09-15

AS PRICES OF UDUPI MALLIGE PLUMMET, A SMALL CHRISTIAN COMMUNITY PINS ITS HOPES ON GANESH CHATURTHI

Relevant for: Indian Economy | Topic: Agriculture Issues and related constraints

September 15, 2023 08:42 am | Updated 08:42 am IST

Udupi *mallige*, which earned a GI tag in 2007, has been a major source of income for the people of Shankarpura village for decades | Photo Credit: Rashmi Gopal Rao

It has been a long and tiring day for Naveen, 30, who has just finished loading the last of his flower parcels for the day — the famous Udupi *mallige* (jasmine) — on a Bengaluru-bound bus. “This season has not been particularly profitable as we have had poor rains and it has been unusually hot,” says Naveen, from Brahmavara taluk in Karnataka’s Udupi district. This is perfect weather for this variety of jasmine. But it also means a larger-than-usual supply of flowers, and a dip in their rates.

The flowers usually fetch around 2,000 per *atte* (a bunch of over 3,000 buds) during this time. But the Udupi Mallige app, developed in 2019, will tell you that the average rate since the last week of August has been hovering around just 550-600.

Stringing of the Udupi *mallige* | Photo Credit: Rashmi Gopal Rao

The sentiment is echoed by another flower seller, Vishak of Udupi, although he is hopeful that the rates may spike closer to the upcoming Ganesh Chaturthi festival. “It has been quite a dull time for flower dealers. We have had the odd good day in the recent past, but we hope that the high demand during the current wedding season and the upcoming festival will bring the rate up to 2,000,” he says.

The Udupi *mallige* is widely grown in the village of Shankarpura in Udupi. As I enter the bylanes, I notice that most houses have large gardens. Just as I pause to admire the plants outside one of the houses, an affable-looking Wilson Martis invites me in.

Stringing of the Udupi *mallige* with fibre extracted from the banana plant, specifically of the *elaichi* and *yelakki* variety | Photo Credit: Rashmi Gopal Rao

The subtle fragrance of this delicate flower is unmissable in his living room as his 80-year-old mother strings the delicate buds into a garland locally known as a *chendu*. I watch in awe as she deftly moves her frail fingers, artistically tying the milky white buds with fibre extracted from the stem of the banana plant, specifically of the *elaichi* and *yelakki* variety. Martis says that each *chendu* has about 800 buds and stringing them together is an onerous task, just like the picking of the buds, which he does at dawn.

The history of the cultivation of the Udupi mallige in Shankarpura, home to a large Christian community, is interesting. This crop, accorded a GI tag, has been cultivated here since the mid-1930s. “The origin of jasmine cultivation here can be traced to Fr. Basil Salvadore Peris, who was appointed as the parish priest in 1934, says 76-year-old John P. Mendonca, a resident. “The region, largely hilly with laterite soil unsuitable for paddy cultivation, was ridden with poverty. Fr. Peris had the intuition that jasmine, which was grown at that time in Bhatkal in Uttara Kannada district, would thrive here. He arranged for saplings to be brought to Shankarpura. My grandfather, along with a couple of his close friends, travelled on foot to Bhatkal, almost 100 km away. Each of them came back with 20-25 saplings which they distributed among the community.”

The flowers are highly sought after in most Hindu temples of the region and also for festivals and weddings. The cost of an *atte* (one *atte* is four chendus) varies from 100 to almost 2,200 depending on the season. “We have an extremely efficient and transparent system of procurement, distribution and marketing where local agents collect the flowers from our doorstep and pay us fairly and promptly,” says Ramakrishna Sharma Bantakal, 60, who owns a nursery.

The Udupi *mallige* plant | Photo Credit: Rashmi Gopal Rao

The system Sharma refers to is the concept of the *mallige katte* or a jasmine trading centre, where agents meet after collecting the flowers from house to house. It was started in 1940; John P. Mendonca’s father, Pascal Mendonca, was one of the founding merchants of the *katte*. Denzel Castellino, an agent in Shankarpura, says there are about 800-1,000 houses in the village where almost 90% grow at least 10-20 plants. The Udupi Mallige app tracks prices and helps connect growers, sellers and buyers of this flower that is sent to Mangaluru, Bengaluru, Mumbai and even Dubai.

An intrinsic part of local life and culture, Udupi mallige has been a major source of income for the people of Shankarpura for several decades. “People lived in joint families, where even children helped in picking the flowers. But now the scenario is different; families are migrating abroad. During the peak season, extra hands are needed to pick and string the flowers which is tough to find today,” says Mendonca.

“We had 100-150 plants during my father’s time, and I just have about 25 plants now as maintaining them is an arduous task. The plants are prone to pest attacks and the soil needs to be replenished regularly. Organic manure is tough and expensive to procure while chemical fertilizers are harmful to health,” rues Martis, in his 50s.

Moreover, the task of picking and stringing is time-bound. “The flowers need to be picked in the bud stage and strung by about 11 a.m. Once the rate is fixed, we need to make proper arrangements to ensure they remain fresh while we send them to places far away,” says Vincent Rodriguez, a cultivator and agent in his 60s.

Vincent Rodriguez at the *katte* | Photo Credit: Rashmi Gopal Rao

Despite the challenges, however, Udupi mallige continues to be cultivated by Shankarpura residents; it is after all a time-honoured tradition and a treasured commodity.

“It is integral to our culture and we will continue to grow this unique crop that we value immensely. The plant is now being cultivated in other regions such as Mangaluru and Puttur, which will help meet the demand. As long as there is demand from temples and festive occasions, Udupi mallige will continue to spread its fragrance,” concludes Mendonca.

The freelance writer from Bengaluru has a passion for travel, culture, food and design.

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Source : www.thehindu.com Date : 2023-09-15

DISENTANGLING THE 2030 GLOBAL RENEWABLE ENERGY TARGET

Relevant for: Indian Economy | Topic: Infrastructure: Energy incl. Renewable & Non-renewable

September 15, 2023 12:16 am | Updated 01:45 am IST

‘Electricity demand across countries is highly differentiated’ | Photo Credit: AP

The presidency of the 28th Conference of Parties (COP28) of the United Nations Framework Convention on Climate Change (UNFCCC), to be held in Dubai (November 30-December 12), has called for agreement on a global target of tripling renewable energy capacity from current levels by 2030. This figure appears in the G-20 declaration too, though only as an aspirational goal to be encouraged.

There is an undoubted win-win appeal to the proposal of this easily understandable global target. However, any serious deconstruction of this target should significantly dampen such enthusiasm.

In 2021, the global installed capacity of renewable energy sources (RES) for electricity generation was 3026 Giga Watts (GW), or 39% of the total capacity from all sources. In total electricity generation however, the contribution by RES was only 28%. More than half the RE generation was from hydropower, while solar (13%) and wind (23%) accounted for about 36% of RE generation, that is 10% of generation from all sources.

Tripling RE capacity by 2030 implies a target of about 9000 GW, which is more than the total installed capacity from all sources in 2021, adding about 6000 GW of RE capacity between 2022 and 2030.

Most of this capacity is expected to come from solar and wind, as the time for construction and operationalisation of any hydro plants, will typically exceed the timeline of 2030 being considered. Assuming a capacity utilisation factor of 25% for solar and wind combined — more than is current — this implies the generation of about 13,000 TWh of electricity from RES alone. If growth in global electricity demand is at the pre-COVID-19 decade average of 2.6%, then the target of tripling RE capacity implies 38% of total global electricity production from RES.

However, there is no such thing as “global” electricity demand, but only a global aggregate across countries. Electricity demand across countries is highly differentiated, and the rates of growth vary for countries at different stages of development.

Electricity demand is growing far more rapidly in developing countries currently. Electricity consumption between 2010 and 2019 in China and India grew annually at 6.6% and 6.3%, respectively, compared to a 0.3% decline in the European Union (EU) and a minimal 0.12% growth in the United States. It is evident that any substantial RE addition in the EU and the U.S. must come from an accelerated phaseout of their fossil fuel use by 2030. Currently, only 21% of the electricity in the U.S., and 37% in the EU comes from RES (including hydro and biomass).

Also read | India ranked 67th on Energy Transition Index, Sweden on top: WEF

If the U.S. does not phase out its existing fossil fuel capacity, it will need only about 26 GW of new RE capacity to meet additional demand, and its share of the tripling target of an additional 6000 GW by 2030, would be only a measly 0.4%. At the same time, since India would need about 717 GW of RE capacity to meet additional demand, its share of the tripling target would be 12%. On the other hand, if all the fossil fuel-based electricity production of the U.S. and the EU is phased out, they would need to add about 1565 GW and 538 GW of additional RE capacity, respectively (again assuming current rates of electricity demand growth and a capacity utilisation factor (CUF) of 25% for wind and solar combined).

In the second scenario, with a full phase-out of fossil fuel-based capacity, the U.S. and the EU would account for more than a third of the new capacity, closer to their fair share of the burden. This would also allow developing countries a less onerous transition in the energy sector, without the North appropriating even the meagre remaining carbon budget with their still considerable fossil fuel capacity.

Unfortunately, the COP28 call for the RE global target comes with a severe lack of transparency as to its origin. What we do know is that the inspiration flows from a report of the International Renewable Energy Agency (IRENA) that calls for “total renewable power capacity to more than triple by 2030, compared to 2022 levels, to over 11 TW globally”.

Information available on the IRENA website shows that IRENA’s scenario, underlying the proposed COP28 target, is very close to the first, highly inequitable scenario that has been sketched here.

Also read | Oil still needed while world transitions to clean energy, says COP28 president

In the IRENA analysis, most of the non-RE capacity to be added by 2030 is in developing regions. By 2030, 80% of power generation capacity in Sub-Saharan Africa is to be from RE sources, as compared to only 70% for the EU. The EU and Sub-Saharan Africa are projected to add about the same amount of RE capacity by 2050, though the non-RE capacity in the EU continues to be more than four times that of Sub-Saharan Africa. China and India are to do much more, with India needing to exceed even the very ambitious 500 GW mark by 2030.

Lack of equity apart, such absolute projections of installed capacity suffer from the fundamental problem of divorcing capacity addition from growth in energy demand. IRENA itself recognises that relative targets are inherently less risky as they are less dependent on demand growth matching expectations. Further, if the entire burden is on developing countries, this enormous increase in RE capacity is not possible without matching non-RE capacity for stability of supply, and the availability of viable storage options that are as yet nowhere near the scale envisaged by such ambitious targets. Finding the resources to build national grids adequate for their development needs at such dizzying levels of scaling up of RE capacity will pose additional challenges, given the inability to reach even the minimal annual target of $100 billion of climate finance covering all sectors.

Last but not least, the most vocal proponents of this global target do not have any such a target domestically. When Prime Minister Narendra Modi announced at COP26 that India would increase its ambition to 500GW from non-fossil fuel sources by 2030, U.S. President Joe Biden made no such promise or declare any renewable energy target. Nor has the U.S. shown any intent to declare one, apart from a general announcement (not committed under the Paris Agreement) to decarbonise the energy sector by 2035. The EU too has only a relative target, though an ambitious sounding goal of 40% of final energy consumption from renewable sources by 2030, but certainly not absolute. For both the U.S. and the EU, these targets are essentially market signals, which the governments will promote, but are not guaranteed by government intervention as in the developing countries.

Also read |India meets two-thirds of renewable energy target, says report

Developing countries at COP28, especially India, should consider the tripling global RE capacity target only if the North commits to absolute targets domestically, that are equitable and commensurate with their responsibility, in an update of their Nationally Determined Contributions under the Paris Agreement.

Tejal Kanitkar is with the National Institute of Advanced Studies, Bengaluru. T. Jayaraman is with the M.S. Swaminathan Research Foundation, Chennai

climate change / United Nations (climate change) / United Arab Emirates / G-20 New Delhi 2023 / renewable energy / electricity production and distribution / solar / wind energy / China / India / European Union / USA / African Union / Prime Minister Narendra Modi / energy and resource / Paris Climate Summit COP21

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Source : www.thehindu.com Date : 2023-09-16

A GM CROP DECISION THAT CUTS THE MUSTARD

Relevant for: Indian Economy | Topic: Major Crops, Cropping Patterns and various Agricultural Revolutions

September 16, 2023 12:08 am | Updated 12:25 am IST

A farmer on the outskirts of Guwahati | Photo Credit: The Hindu

The adoption of science-based technologies for crop improvement such as genetic engineering for developing genetically modified (GM) crops as a supplement to conventional breeding methods has become an absolute necessity to address the burgeoning and complex challenge of achieving global food and nutritional security under the fast-changing climate. According to the global Food Security and Nutrition Report, 2019, it is difficult to achieve the ‘Zero Hunger’ target by 2030.

Editorial | Seeds of hope: On GM crops and scientific consent

The emphasis needs to be on accelerating the pace of improving crops genetically. In order to increase food production and become self-reliant, we require superior crop varieties and hybrids that provide enhanced yields and wide adaptability across environments, and require fewer inputs of natural resources. The advent of the Green Revolution in the 1960s-70s resulted in enhanced food production from a mere 50 million tonnes in 1950-51 to over 300 million tonnes in 2020-21. However, new biotech/GM crops with improved traits are a must in order to mitigate climate change and produce nutrient-dense food.

Genetic modification of crops using the available and vast genetic diversity in conjunction with traditional farming has been well documented for increased productivity, contributing to global food, feed, and fibre security. According to a report by the International Service for the Acquisition of Agri-biotech Applications (ISAAA) 2020, a total of 72 countries have adopted GM crops either as human food or animal feed, as well as for commercial cultivation (56% of the global GM crop area is in developing countries compared to 44% in industrial countries). GM crops have benefited more than 1.95 billion people in five countries (Argentina, Brazil, Canada, India and the United States) or 26% of the current world population of 7.6 billion. Bt cotton was commercialised as the first GM crop in India more than 20 years ago, and has been viewed globally as a great success story in terms of economic advantage to farmers and to the nation. Globally, genetic modification has expanded its reach, beyond the major four crops, maize, soybean, cotton and canola, to other economically important food crops for various traits such as insect and herbicide resistance, climate resilience and nutritional quality improvement.

Global economic gains contributed by GM crops (1996-2018) have amounted to $224.9 billion in economic benefits to more than 16 million farmers, 95% of whom are from developing countries. Further, GM food crops, since adoption in 1996 globally have been proven for their biosafety for the last 25 years and more.

India faces a major deficit in edible oils, with 60% of its demand being met by imports. Mustard is one of the most important edible oil crops in India; however, its per hectare yield is very low when compared to the global average. Thus, increasing the productivity of mustard in the country is vital for the economic well-being of farmers and self-sufficiency in edible oil production.

Using genetic engineering, extensive research has been carried out at the Centre for Genetic Manipulation of Crop Plants (CGMCP), University of Delhi South Campus, to create a GM mustard hybrid, DMH-11 with higher vigour and yield — this will facilitate an increase in domestic production of edible oils as well as enhanced farm incomes.

The GM mustard hybrid is based on the barnase/barstar system, which works on the principle of removing male fertility in one parent and restoring it in the offspring. The herbicide tolerance gene has been deployed as a selection marker for developing the GM mustard. While the use of herbicides in herbicide tolerant (HT) crops has an advantage in terms of saving soil moisture and nutrients, besides effective weed control, the herbicide tolerance gene in GM mustard is primarily used for selecting genetically transformed lines, and for hybrid seed production.

On October 25, 2022, the Genetic Engineering Appraisal Committee (GEAC) of the Ministry of Environment, Forest and Climate Change, Government of India, made a landmark decision of approving the release of DMH-11 and its parental line for cultivation. This will help boost the vibrant genetic engineering research sector in the country and enable the generation of new crop varieties with improved traits. As the mustard varieties in India have a very narrow genetic base, the decision by GEAC to allow barnase-barstar-based hybrid production in mustard paves the way for the breeding of mustard hybrids not only for higher yields but also to ensure resistance to diseases and improve oil quality.

This advancement will benefit farmers by increasing yield per hectare, also leading to an increase in their incomes. The domestic consumption of edible oils is around 25 million tonnes, while the domestic production of mustard oil was approximately 8.5 million tonnes in the year 2020-21. India’s edible oil imports were approximately 13 million tonnes, which touched 1.17 lakh crore in value terms. Cultivation of these GM mustard hybrids developed indigenously could help enhance farmers’ income, reduce the oil-import burden and help achieve much-needed self-reliance in edible oil production. The environmental release of DMH-11 marks the beginning of a new era in self-reliance and sustainability in agriculture. More improved GM food crops are needed to boost the profitability of Indian farmers.

Subhra Chakraborty is Director, National Institute of Plant Genome Research, Department of Biotechnology (Government of India), New Delhi. Ashwani Pareek is Executive Director, National Agri-Food Biotechnology Institute, Department of Biotechnology (Government of India), Mohali, Punjab. K.C. Bansal is Secretary, National Academy of Agricultural Sciences, New Delhi and former Director, National Bureau of Plant Genetic Resources, Indian Council of Agricultural Research, New Delhi

agricultural research and technology / agriculture / genetics / science (general) / food / climate change (politics) / farms / India

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Source : www.thehindu.com Date : 2023-09-18

TESTING TIMES: THE HINDU EDITORIAL ON SHRINKING OF INDIA’S GOODS EXPORTS

Relevant for: Indian Economy | Topic: Issues relating to Mobilization of resources incl. Savings, Borrowings & External Resources

September 18, 2023 12:20 am | Updated 08:07 am IST

India’s goods exports shrank for the seventh consecutive time and the ninth time in 11 months this August, while imports surged to hit the highest level since March this year. At $58.6 billion, inbound shipments were still 5.2% below last August’s levels, but exports fell by a relatively steeper 6.9%, leading to a $24.2 billion trade deficit — the widest since October 2022. Goods exports are now down 11.9% so far this year and imports have dropped 12.1%. Services exports for last month will be known later, but Commerce Ministry extrapolations suggest that this engine that has been resilient so far through the global economic turmoil, is also beginning to feel the heat. For now, the 0.4% drop expected in services exports in August is minor and with intangible imports also likely dropping at a sharper pace, this will not exacerbate the trade balance yet. However, shrinking services exports imply that their ability to bridge the goods trade deficits that were up sharply last year, will be restricted, thus raising the possibility of wider current account deficits from this quarter.

With global commodity prices rising around 12% from June levels to hit a 15-month high this month, the pressure on the goods trade deficit is likely to escalate, especially as oil and gems and jewellery imports have fallen less than their exports so far in 2023-24. In the first four months of this fiscal, about half the decline in outgoing shipments has been fuelled by petroleum despite volumes rising 6%, as prices fell 27%. This may change if global oil prices, which crossed $90 per barrel over the past week for the first time since November 2022, stay elevated. Export volumes of as many as 13 major items rose between April and July, but their value had declined owing to lower prices. That is a good omen about demand for Indian goods amid the gloom, and the government believes rising commodity prices will help trade tallies. But they could also be a double-edged sword for India as its strategic gambit to import more Russian oil has turned less lucrative. Moreover, sticky inflation could further dampen demand, especially in key markets such as the European Union, which just hiked interest rates to a record high. Inflation reheated in the United States last month, but not enough yet to dent festive demand that may lift order books in coming months. That engineering goods, which account for a quarter of India’s exports, clocked their first uptick after eight months in August, with half of the 14 key segments of exports growing — the best performance in nine months — is a welcome sign. India needs to do all it can to nurture precious green shoots and support exporters.

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Source : www.pib.gov.in Date : 2023-09-19

IREDA SIGNS MOUS WITH BANK OF MAHARASHTRA FOR FINANCING RENEWABLE ENERGY PROJECTS

Relevant for: Indian Economy | Topic: Infrastructure: Energy incl. Renewable & Non-renewable

Indian Renewable Energy Development Agency (IREDA), a Mini Ratna (Category – I) Government of India enterprise under the administrative control of Ministry of New and Renewable Energy, has signed a significant Memorandum of Understanding (MoU) with Bank of Maharashtra (BoM) today, September 18, 2023. This collaboration aims to promote and facilitate co-lending and loan syndication for a diverse spectrum of Renewable Energy projects across the nation.

The MoU comprises several services including co-lending and co-origination support for all Renewable Energy projects, facilitating loan syndication and underwriting, management of Trust & Retention Account for IREDA borrowers, and a commitment to establishing stable fixed interest rates spanning a period of 3-4 years for IREDA borrowings. Under this agreement, Bank of Maharashtra can invest in the Bonds issued by IREDA in accordance with the specified terms and conditions of the offering.

The MoU was signed by General Manager (Technical Services), IREDA, Shri Bharat Singh Rajput and General Manager (Retail & MSME Credit), Bank of Maharashtra, Shri Rajesh Singh at IREDA's Business Centre, New Delhi. The signing ceremony took place in the presence of Chairman and Managing Director of IREDA, Shri Pradip Kumar Das and other senior officials from both organizations.

Speaking on the collaboration, IREDA CMD Shri Das said: "This MoU with Bank of Maharashtra is another significant step in our ongoing efforts to promote Renewable Energy adoption in India. By joining forces, we aim to provide a robust financial ecosystem for Green Energy projects, making clean and sustainable energy accessible to more communities and industries. The partnership underscores the importance of Financial Institutions and Government Agencies working together in line with country's goal to achieve India’s goal of Net Zero emissions by the year 2070, the target set by the Hon’ble Prime Minister.”

To address the substantial funding requirement of the Renewable Energy sector, including emerging technologies such as Green Hydrogen and Offshore Wind, IREDA has signed MoUs with Public Sector Banks and Financial Institutions to collaborate on co-lending for big-ticket-size projects.

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PIB DELHI | Alok Mishra / Dheep Joy Mampilly

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PIB DELHI | Alok Mishra / Dheep Joy Mampilly

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Source : www.pib.gov.in Date : 2023-09-20

NATIONAL WORKSHOP ON E-NAM 2.0 AND AGRI MARKETING REFORMS

Relevant for: Indian Economy | Topic: Agriculture Issues and related constraints

Shri Manoj Ahuja, Secretary, Ministry of Agriculture & Farmers Welfare in his address today here stated that till 31st August 2023, 1361 APMCs were integrated on e-NAM, encompassing 23 States and 4 UTs , where in 209 commodities are being traded altogether, with a farsighted vision, to provide multifaceted benefits to farmers, Farmer Producer Organizations (FPOs) and buyers/traders transacting via e-NAM. To further strengthen e-NAM, 28 new mandis are approved recently for integration to take the total count of mandis to 1389. Secretary Agriculture highlighted the importance of providing key information to the stakeholders of e-NAM at the right time and in making any development, it is important to remove information asymmetry. He mentioned that information pertaining to quality of produce is as vital to the buyer, as the prices of commodity are vital to sellers.

Shri Ahuja said that from an economic perspective, the whole value chain must be made efficient and wastage must be reduced. Agriculture Secretary appreciated the efforts behind conducting the workshop and whole-heartedly appreciated the State Agriculture marketing Boards from Telangana, Madhya Pradesh, Uttar Pradesh, Jharkhand and Tamil Nadu for their presentations and for utilising the platform provided by the workshop for benefit of all stakeholders of e-NAM.”

Shri Faiz Ahmed Kidwai, Additional Secretary, Marketing Division, M/o Agriculture & Farmers Welfare, while addressing the audience, mentioned that e-NAM 2.0 will be an advance version of existing e-NAM, wherein the reforms in the State Acts will be very important in the success of e-NAM 2.0.

Presentations were also made by 3 FPOs - Churchu Nari Urja FPCL (Jharkhand), Maangani City Consortium (Tamil Nadu) & Jaivik Shri FPCL, Koraput (Odisha) , where they shared their experience on using e-NAM platform. These FPOs are continuously using e-NAM with a trade of Rs 1.25 Cr, Rs 1.44 Cr and Rs 2.68 Cr respectively.

Various senior officials from private organizations, banks, commodity exchanges, State Agriculture Marketing Boards and Department of Marketing and Inspection were also present during presentation and discussion-session in this National workshop on e-NAM 2.0 and Agricultural Reforms held here today.

Background:

National Agriculture Market (e-NAM) is a pan-India electronic trading portal, launched on 14th April 2016, by the Prime Minister of India Shri Narendra Modi, networks the existing APMC mandis. The trading portal leveraging available infrastructure with existing APMCs to create a Unified National Market for agricultural commodities. The portal is managed by “Small Farmers’ Agribusiness Consortium (SFAC)”, under the aegis of the Ministry of Agriculture and Farmers’ Welfare, Government of India.

e-NAM has been able to bring competence in APMC mandi operations via technology interventions: accuracy in weighment via digital weighbridge and weighing scale; accuracy in assaying via advance assaying equipment; real-time online information on commodity prices, access to more buyers/sellers and transparency in trade (due to on-line mode of auction) resulting in competitive bidding and there by better price discovery; transparency in payment via multiple online payment modes and better efficiency in overall mandi operations via digitalization.

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SK/SS/SM

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Source : www.livemint.com Date : 2023-09-20

MINT

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Foreign Capital, Foreign Trade & BOP

There is a prevailing expectation that the US Federal Reserve will opt to maintain its current interest rates during the meeting on September 19-20 despite persistent inflation levels exceeding the central bank's target range while the US economy remains resilient.

The two-day Federal Open Market Committee (FOMC) meeting begins today (September 19) and its outcome is due on Wednesday (September 20).

The US Fed has been raising rates since March 2022 and this could be the second time since then that the Fed may maintain a pause on interest rate hikes. While a pause seems highly likely, the possibility of a rate cut is extremely feeble at this juncture.

Markets across the globe will closely watch what the US Fed Chairman Jerome Powell says about inflation and the US economy.

The Fed is expected to maintain a status quo on rates in September but experts see a possibility of one rate hike in the coming policy meetings.

V K Vijayakumar, Chief Investment Strategist at **Geojit Financial Services** believes the Fed will likely hold rates this time but the tone of the Fed commentary will likely be a bit hawkish since inflation continues to be high despite some easing.

Vijayakumar anticipates one more rate hike of 25bps in the next meet and a hold thereafter.

"The Fed always responds to incoming data. However, the current trend indicates the possibility of a rate cut only by the second quarter of the next year (Q2CY24)," said Vijayakumar.

Madhavi Arora, Lead Economist at **Emkay Global Financial Services**, has a similar view.

"We are not expecting any action from the Fed amid incipient signs of a cooling labour Market and demand-led inflation, but expect them to keep one more hike intact in the dot chart and sound cautious and data-dependent," said Arora.

"The expectations about the Federal Reserve's monetary policy decision in September 2023 are almost evenly split. We are in the camp which believes that the Federal Reserve will pause this time and there will be no further rate hikes in the US during the current cycle, barring unexpected resilience in growth and the continuation of higher-than-expected retail inflation," said Sujan Hajra, Chief Economist & Executive Director, **Anand Rathi Shares and Stock Brokers**.

"Early signs of a slowing economy, the broad trend of falling retail inflation in the US and the strong likelihood of a significant negative impact of the rate hikes so far on future growth, are factors which are likely to make US monetary policymakers hesitant to continue with rate hikes," Hajra said.

Amit Goel, Co-Founder & Chief Global Strategist at **Pace 360** believes the change that may be made to the dot plot for 2023 and 2024 are more relevant.

(The Fed dot plot, as per britannica.com, is a chart that shows where each FOMC member thinks interest rates will be by the end of the current year, three consecutive years after, and the more ambiguous longer run. Each dot represents a member's individual view.)

Goel pointed out that at the June meeting, the Fed dot plot pointed to one more rate hike from the current levels and also suggested that there will be four rate cuts by the end of 2024. The first-rate cut was projected to happen in May of 2024.

However, Goel observed that the recent developments indicate a shift in this trajectory.

"Swaps Contract linked to Fed decisions now reflect less than 100 basis points of cuts, down from well over 150 basis points as of early this year. We expect the Fed to now indicate the first rate cut by June 2024 and not more than three rate cuts by the end of 2024. The effective federal funds rate, currently at 5.33 per cent, is expected to fall to about 4.49 per cent by the end of 2024, aligning with these revised expectations," said Goel.

Hajra said the market participants will closely monitor changes in the Fed's monetary policy statement and the tone of the chairman's post-policy press briefing.

However, Hajra believes the Federal Reserve, as a data-driven central bank, is unlikely to make firm predictions about the future path of both growth and inflation as the outlook of the global economy in general, and the US in particular, remain highly uncertain.

"Neither is the Fed likely to offer definitive guidance on the course of monetary policy nor should the market consider any statement made by the Fed about the future course of monetary policy as sacrosanct," said Hajra.

The market might have discounted the possibility of a pause by the Fed in September. So, the market may not react to the move. However, the Fed Chair's commentary on the inflation trajectory and growth will be closely observed by the markets.

"Investors will analyse the outcome and the accompanying comments for hints about the probable timing of the rate hike cycle and the Fed's view on the job markets, inflation and economic growth," said Deepak Jasani, Head of Retail Research, **HDFC Securities**.

Jasani said global markets, including India, are expecting the US Fed to maintain rates at their September 19-20 meet and hence if it comes true, by itself it may not impact their trajectory. However in case there is any surprise (positive or negative) in the Fed's commentary, then it could have an impact on Indian markets, though less than that in other developed economies.

Vijayakumar pointed out that the markets have already discounted this expected scenario. The positive response of the US market and consequently other markets, too, is in response to the US economy’s soft landing scenario.

"Markets will remain stable so long as this soft landing scenario holds," he said.

Hajra said the odds are almost evenly split between a 25-basis point hike and a pause by the Fed during the September 2023 policy. A Fed pause, particularly if accompanied by relatively dovish guidance on the future course of monetary policy measures, is thus likely to be interpreted positively by global financial markets, including Indian markets.

Even if the Fed attempts to dampen expectations of an early pivot, a pause will heighten such sentiments. Financial markets may start anticipating a soft and orderly cooling off of both growth and inflation in the United States. These factors are likely to boost financial market optimism even further, Hajra said.

G. Chokkalingam, Founder and Head of Research at **Equinomics Research** underscored that the focus of investors should be on their statements on intentions to hike rates at the cost of growth. However, he added that Indian investors' focus should be on the oil price - whether it breaches $100.

"Any possible rise in oil price beyond $100 would cause much more damage than another 25 bps rate hikes by the US. It is worth noting that despite around 500 bps hike in benchmark rates by the US Fed the domestic markets have created a lifetime record in terms of jumps in benchmark indices. So, a pause or hike does not make much impact on domestic markets at this juncture," said Chokkalingam.

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Source : www.livemint.com Date : 2023-09-21

MINT

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Foreign Capital, Foreign Trade & BOP

US Fed Reserve Meeting: The US Federal Reserve announced its interest rate decision today after a two-day Federal Open Market Committee (FOMC) meeting and left the benchmark interest rates unchanged at 5.25 per cent - 5.50 per cent. US Federal Reserve Chairman Jerome Powell-led FOMC was widely expected to keep the interest rate unchanged after having raised its policy rate by 525 basis points since March 2022 to the current 5.25 per cent-5.50 per cent range, despite persistent US inflation rate levels exceeding the central bank's target range while the US economy remains resilient.

Stay tuned to our US Fed Meeting Live blog for the latest updates on FOMC meeting outcome.

US Fed Chair Powell-led FOMC will meet now on October 30 - November 1 to deliberate for the next set of policy decisions.

The US dollar index, which measures the currency against a basket of rivals, was 0.09 per cent higher at 105.21, after having been as low as 104.66 earlier in the session. The index rose for its ninth straight week last week, its longest winning streak in nearly a decade as resilient US growth has fueled a rebound in the dollar.

Treasury two-year yields climbed to the highest level since 2006 and stocks retreated, with the Federal Reserve signaling interest rates will be higher for longer after deciding to stay on hold Wednesday. Swap contracts priced in fewer rate cuts next year than previously anticipated. The S&P 500 pushed lower, while the tech-heavy Nasdaq 100 underperformed.

Fed Chair Powell said that rising bond yields do not appear to suggest a lack of market confidence that central bank officials will fail to bring inflation back down to target.

The jump in market borrowing costs is "not because of inflation," Powell said at his press conference following the latest FOMC policy meeting.

Instead, higher yields, which are at levels last seen before the global financial crisis a decade and a half ago, reflect market views of better growth and the impact of higher Treasury bond supply, Powell said.

Gold slightly pared gains on Wednesday after the Fed held interest rates unchanged but struck a hawkish stance for future policy. Spot gold was up 0.6 per cent at $1,942.19 per ounce after rising as much as 0.9 per cent earlier in the session. US gold futures settled 0.7 per cent higher at $1,967.10, according to news agency Reuters.

Oil prices fell about 1 per cent on Wednesday, extending earlier declines, after the FOMC left interest rates unchanged as widely expected. Interest rate hikes to tame inflation can slow economic growth and reduce oil demand. Brent futures for November delivery fell 68 cents, or 0.7 per cent, to $93.66 a barrel, while US West Texas Intermediate crude (WTI) for October delivery fell 68 cents, or 0.8 per cent, to $90.52.

Wall Street oscillated after the US Federal Reserve held key interest rates unchanged as widely expected, and revised economic projections higher, even as Chairman Powell warned the battle against inflation was far from over. The Dow Jones Industrial Average rose 148.43 points, or 0.43 per cent, to 34,666.16, the S&P 500 lost 3.86 points, or 0.09 per cent, to 4,440.09 and the Nasdaq Composite dropped 49.03 points, or 0.36 per cent, to 13,629.15.

Powell said that while some things are out of the central bank's control there is a good chance the Fed's aggressive rate hikes will not send the economy into a downturn. "I've always thought the soft landing was a plausible outlook," Powell said at a press conference after the rate setting Federal Open Market Committee decided to hold rates steady, meeting expectations. He said his outlook remains in place but cautioned other factors could affect the Fed's outlook.

There is a "long way to go" in bringing inflation sustainably down to policymakers' two percent target, US Federal Reserve Chair Jerome Powell said on Wednesday. He added that the US central bank is "highly attentive" to risks that high inflation poses to its mandate, at a press conference after the Fed announced its decision to hold interest rates steady as the effects of existing policy ripple through the economy.

FOMC signals borrowing costs will likely stay higher for longer after one more hike this year. It estimates an additional 25 basis points (bps) rate hike before the end of the year to bring down inflation.

US Fed meeting outcome: FOMC holds rate unchanged - Read full text from policy statement.

Policymakers see the US gross domestic product (GDP) growing 2.1 per cent this year, a notable upgrade from the 1 per cent growth projected in June, and expanding by 1.5 per cent next year. Meanwhile the unemployment rate - which is currently at 3.8 per cent - is seen peaking at 4.1 per cent in 2024 - and remaining there for 2025 - versus the 4.5 per cent high-water mark seen in June.

The policymakers' inclination to keep rates high for an extended period suggests that they remain concerned that inflation might not be falling fast enough toward their 2 per cent target.

The US Federal Reserve unanimously voted to keep interest rates at a 22-year high-mark --- between 5.25 per cent to 5.5- per cent, while forecasting an additional rate hike before the end of the year to bring down inflation.

FOMC to deliver verdict shortly; all eyes on Fed Chair Jerome Powell

Pacific Investment Management Company LLC (PIMCO) believes that the market may be ignoring the risk of at least one more rate hike from the US Fed before the year-end and a looming US recession. At this juncture, safe-haven assets may be preferred plays. "Markets may be underestimating the risks of both a US recession and one more interest-rate hike from the Federal Reserve, making haven assets a preferred play," Bloomberg reported, quoting PIMCO saying so.

US inflation in August rose for the first time since June 2022, rising to 3.7 per cent as a sharp increase in energy prices pushed prices up toward the end of the summer. The rise in prices still remains far below the decades-high inflation rates that were seen last summer, when the rate peaked at 9.1 per cent in June, according to data released by the US government.

Treasury Secretary Janet Yellen said that the US growth needed to slow to a pace more in line with its potential rate to bring inflation back to target levels since the economy was operating at full employment. But demand-supply imbalances in the labor market have abated, she said, which was a healthy sign for the economy.

Advancing issues outnumbered decliners by a 3.58-to-1 ratio on the NYSE and a 1.59-to-1 ratio on the Nasdaq. The S&P index recorded 10 new 52-week highs and four new lows, while the Nasdaq recorded 33 new highs and 140 new lows

Traders currently see it as 99 percent likely that the FOMC will hold off on hiking interest rates on Wednesday, and have assigned a roughly 70 percent chance it will vote to do the same at its next meeting in November, according to data from CME Group, according to news agency AFP.

The Fed's rate decision will be followed half an hour later by a press conference with Fed Chair Jerome Powell, which will be closely watched for hints on the path of future rate decisions. The FOMC will deliver its verdict at 2 pm EST or 11:30 pm IST.

The US Fed has hiked interest rates 11 times hikes since March last year.

European stocks gained ground on Wednesday while US Treasury yields dipped after reaching multi-year highs as recent surging oil prices stoked inflation worries, setting the scene for the Federal Reserve to project rates staying higher for longer. Two-year Treasury yields were down 3.5 basis points in London trade at 5.07 per cent, having risen sharply on Tuesday, when five- and 10-year Treasury yields reached 16-year highs.

V K Vijayakumar, Chief Investment Strategist at Geojit Financial Services believes the Fed will likely hold rates this time but the tone of the Fed commentary will likely be a bit hawkish since inflation continues to be high despite some easing.

Vijayakumar anticipates one more rate hike of 25bps in the next meet and a hold thereafter. "The Fed always responds to incoming data. However, the current trend indicates the possibility of a rate cut only by the second quarter of the next year (Q2CY24)," said Vijayakumar.

Nigel Green of deVere Group believes this is the time for the Fed to stop, not pause, rate hikes. “The time lag for monetary policies is incredibly lengthy. It takes around 18 months for the full effect of rate hikes to make their way into the economy.

“We’re now starting to see the drag effects on the US economy with households and businesses becoming considerably more prudent. In addition, investors are becoming more and more concerned that additional hikes could steer the US economy into a recession."

He concludes: “The battle against inflation is being won – but battles like this are never won in a totally straight line – they go up and down incrementally, but the trajectory is clearly favorable, and the case for stopping rate hikes is compelling.

Brent futures for November delivery fell 11 cents, 0.1 per cent, to $94.23 a barrel. US West Texas Intermediate (WTI) crude for October remained unchanged at $91.20. The WTI contract for October expires on Wednesday. WTI crude futures for November, which will soon be the U.S. front-month, was up about 2 cents to $90.49.

All major S&P 500 sectors rose, with real estate and industrials leading gains, up 0.8 per cent and 0.7 per cent, respectively. In early US trade hours, the Dow Jones Industrial Average was up 105.32 points, or 0.31 per cent, at 34,623.05, the S&P 500 was up 12.22 points, or 0.27 per cent, at 4,456.17, and the Nasdaq Composite was up 25.78 points, or 0.19 per cent, at 13,703.97.

The FOMC released its previous meeting minutes on 16th August, and the official’s language strongly implied that its path forward will be data-dependent. The Fed said inflation remains “unacceptably high" and noted “significant upside risks to inflation, which could require further tightening."

Growth in consumer spending and other signs of economic resilience suggest that the Fed might have to restrict further money supply to bring back inflation to central bank’s target of 2 per cent.

Over the last one year, interest rates across board has been on a rise and market participants are waiting for more signs to get clarity on whether we are moving towards a ‘long-pause’ before Fed decides to cut rates, said Motilal Oswal.

It is not only the Fed but also other major central banks whose focus has been to bring down inflation without sending the economy into recession i.e. soft-landing, according to the brokerage firm.

Wall Street stocks advanced early Wednesday ahead of the Fed Reserve policy outcome later today. The market is betting heavily that the US central bank will hold steady on rates, but the focus will be on whether Fed Chair Jerome Powell signals a high chance of another rate hike this year.

About 25 minutes into trading, the Dow Jones Industrial Average was up 0.4 percent at 34,660.68. The broad-based S&P 500 gained 0.3 percent to 4,458.71, while the tech-rich Nasdaq Composite Index jumped 0.3 percent to 13,719.06.

Gold prices were subdued on Wednesday as investors remained cautious ahead of the Federal Reserve's policy decision, where the central bank is expected to stay put on interest rates, but prospects loom for further hikes later this year. Spot gold was steady at $1,930.19 per ounce, holding below its highest level since September 5 reached on Tuesday. US gold futures eased 0.1 per cent to $1,950.90.

US bond yields surged to 16-year high levels and fears of high crude oil prices fueling commodity inflation also hit the investor sentiment, according to analysts. Fresh foreign fund outflows and caution ahead of a host of interest rate decisions from global central banks also added to the overall bearish trend. Besides the US Fed meeting, the BoE (Bank of England) and the BoJ (Bank of Japan) are also scheduled to meet this week.

Ahead of the US Fed policy outcome, foreign institutional investors (FIIs) cumulatively bought 15,769.17 crore of Indian equities, while they sold 18,879.86 crore --- resulting in an outflow of 3,110.69 crore, according to NSE data.

The US economy has remained solid despite the Federal Reserve’s aggressive tightening in the last one and half year. Higher borrowing cost could lead to a situation like ‘hard-landing’; which currently looks out of sight as economic numbers have been beating estimates.

Demand across the US economy remains firm and that remains one of the key reasons to dodge a recession. Retail sales number in the last few months also suggest that there has been sustained recovery. Also, recent economic data is showing warning signs that higher interest rates may finally be starting to take a toll on the labor market.

After 11 interest rate hikes since March last year, inflation in US has fallen sharply but remains stuck stubbornly above the Fed's long-run target of two percent per year -- keeping pressure on officials to consider further policy action. Despite rising slightly on energy costs, inflation remains well below last year's peak, while economic growth remains robust and the unemployment rate sits close to record lows -- raising hopes the Fed can slow price increases without triggering a downturn.

US equity futures edged higher as traders awaited a Federal Reserve interest rate decision that will be scrutinized more for the policy outlook than a widely expected pause in hikes. In Europe, stocks rose and the pound weakened after British inflation slowed unexpectedly. Sterling fell as much as 0.5 per cent against the dollar to its lowest level since May as traders bet that the Bank of England is nearing the end of its hiking cycle, according to Bloomberg News.

In the upcoming meeting market participants have discounted that the central bank is expected to take a pause and is going to be narrative of the Fed governor that will drive a move in currencies, commodities and US treasuries, according to domestic brokerage Motilal Oswal.

Inflation has been the key measure to evaluate central bank action and focus on growth has taken a back seat. Inflation has retraced in last few months after hitting the highest in September 2022, but the question remains that will inflation recede further or will it turn around and continue to move higher?

The FOMC will also update its long-term economic growth projections, which include forecasts for GDP growth, unemployment rates, interest rates and inflation. The impact of Fed tightening is still having a negative effect on the economy and caution is warranted as growth is slowing.

Investors are betting that the Fed could be nearing its rate-hiking cycle, assigning just a 30 per cent chance to a November increase. If the chair does anything to disabuse the market of that sentiment, it would be meaningful, according to domestic brokerage firm Motilal Oswal.

Today, the Federal Reserve is expected to keep rates unchanged and will continue to roll-off its $8.1 trillion balance sheet. The central bank will continue to allow up to $60 billion in Treasury securities and $35 billion in agency mortgage-backed securities (MBS) to mature and roll off its balance sheet per month, said the brokerage.

Sensex and Nifty settled with losses on Wednesday, September 20, extending the decline into the second consecutive session amid mixed global cues ahead of the US Fed policy outcome. Sensex closed with a loss of 796 points, or 1.18 per cent, at 66,800.84 while the Nifty ended below the 20,000 mark at 19,901.40, down 232 points, or 1.15 per cent.

The outcome of the US FOMC meeting for September 2023 will be crucial in determining the benchmark lending rates in the US. The meeting outcome is set to be released on September 20, at 2 pm Eastern Time, or 11:30 pm Indian Standard Time

The market might have discounted the possibility of a pause by the Fed in September. So, the market may not react to the move. However, the Fed Chair's commentary on the inflation trajectory and growth will be closely observed by the markets.

"Investors will analyse the outcome and the accompanying comments for hints about the probable timing of the rate hike cycle and the Fed's view on the job markets, inflation and economic growth," said Deepak Jasani, Head of Retail Research, HDFC Securities.

Jasani said global markets, including India, are expecting the US Fed to maintain rates at their September 19-20 meet and hence if it comes true, by itself it may not impact their trajectory. However in case there is any surprise (positive or negative) in the Fed's commentary, then it could have an impact on Indian markets, though less than that in other developed economies.

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The US Federal Reserve is widely expected to keep its current interest rates unchanged during the meeting on September 19-20 despite persistent inflation levels exceeding the central bank's target range while the US economy remains resilient. The US Fed has been raising rates since March 2022 and this could be the second time since then that the Fed may maintain a pause on interest rate hikes. While a pause seems highly likely, the possibility of a rate cut is extremely feeble at this juncture.

Markets across the globe will closely watch what the US Fed Chairman Jerome Powell says about inflation and the US economy.

The US Federal Reserve Chairman Jerome Powell-led Federal Open Market Committee (FOMC) will announce its September monetary policy decision today. The two-day FOMC meeting began on September 19 and will end today.

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PROPELLING INDIA’S DEVELOPMENT THE RIGHT WAY

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Demographic Economics & Various Indexes

September 22, 2023 12:16 am | Updated 09:04 am IST

‘India must redouble efforts to make economic growth more inclusive and broad-based’ | Photo Credit: The Hindu

‘Aim for the moon’ is a byword for any venture marked by extreme ambition bordering on the foolhardy. When India started space research in the 1960s, many thought it was being reckless: a struggling, young nation sinking some of its limited resources in a highly uncertain enterprise. Today, however, even the last of the naysayers must be convinced. In a matter of a few days, India became the first nation to land a rover on the south pole of the moon, followed up with a mission to study the sun. Yet, this is also the moment to revisit a nagging concern. How do such stellar achievements stand alongside the persistence of poverty and destitution for millions of Indians?

Even before the government set up the Indian Space Research Organization in 1969, the country was having a significant research programme in space science. It was then coordinated by the Department of Atomic Energy, which itself had been founded in the early 1950s. These were certainly not isolated initiatives. Between 1951 and 1961, India established five Indian Institutes of Technology, which in no time grew into globally respected academic centres. The first two Indian Institutes of Management were inaugurated in 1961. During the two decades of the 1950s and 1960s, a number of public sector units were established in diverse areas of industrial production that included steel, fertilizer, machine tools, electric machinery, drug production, and petrochemicals.

Taken together, these public investments show that India was determined to become a serious player in advanced technologies of the time despite the multifold challenges facing the young nation. New technologies, it was believed, would quicken the pace of development of the country, which had suffered from two centuries of colonialism. Vikram Sarabhai, the leader of India’s space programme, had envisioned — this was in the early 1960s — that satellites could be used for building a nationwide telephone system and for providing agricultural and health education. In fact the momentous steps India had taken in the decades immediately after Independence may be characterised as a ‘moonshot’ approach to development — deploying modern industrialisation to shake off the ills of the past.

However, India’s moonshot development strategy was only partially successful. It has also been the subject of much criticism from certain quarters, over the years. One was for its heavy reliance on public investment. Two, the investments were being ‘misdirected’, according to some economists. Being a labour surplus country, they argue, India should have stuck to its comparative advantages in labour-intensive industries, such as garments or footwear, rather than squandering the country's scarce savings in capital- and technology-intensive industries.

But the time needed for a new technology to come to fruition is too long, and the initial effort required is too steep, that it is unlikely to expect a private player to lead the moves to acquire it. There have been many misses for India's space mission, especially in the initial decades. A key factor behind the programme's eventual success has been public funding, which did not waver for lack of short-term commercial viability. It is not only that the benefits from a technology are long in coming, but they are also difficult to be kept exclusive for private profiteering. Consider, for instance, the Internet. It is precisely because of the 'public good' nature of technologies that public sector support becomes crucial for developing them. Needless to say, the Internet emerged from a research programme funded by the United States government, with military objectives, in the late 1950s.

In India, the technological capabilities built through state support provided the base for the flourishing of private enterprise in many sectors, including pharmaceuticals, information technology, and the space sector too (more of it likely in the years ahead). Professionals, who were earlier trained in India's public universities, have found leadership positions globally, which has deepened India's strategic importance.

The lacklustre record for India's development strategy then was not on account of the government doing too much in the area of technology building. But, on the contrary, it was because the state or the government could not intervene effectively to reduce inequalities or ensure social development. Independent India did not implement a successful programme of land redistribution. Ownership of assets continues to be very low among the socially oppressed communities, including Dalits or the Scheduled Caste (SC) population. For the downtrodden, disadvantages due to the lack of assets translate into hurdles in acquiring education, given that India has consistently underinvested in basic education for the masses. As a result, the historically determined inequalities in the social spheres get replicated in the labour market, with the better-paying jobs going more to the privileged groups who have had greater access to higher education. In 2021-22, 38.2% of all SC workers were 'casual', earning their livelihoods mostly out of hard manual labour; the corresponding proportion was 11.2% for workers belonging to the ('other') general category castes (Periodic Labour Force Survey data). The contrast with the East Asian countries, including Japan and China, is notable. There, by the 1950s itself, land reforms and other measures had created a relatively egalitarian social structure, which formed the basis for the progressive economic and social changes in the later years.

The persistence of inequalities has negatively impacted industrial and economic growth in India. Domestic demand has been lopsided, coming as it does largely from the upper income classes, who constitute only a small, though substantial in absolute numbers, segment of the population. This has slowed down the growth of manufacturing of high-quality, mass-consumption goods, including food products and garments. Entrepreneurship too has emerged from a narrow social base.

Looking forward, we need to have a clear recognition of what went wrong, and where we got it right, with the ambitious development strategy India launched immediately after Independence. The audacious attempt to build technological and industrial capabilities with generous state support was the correct thing to do. The country must reinstate such efforts if it has to stand a chance in fast-growing economic fields, be it semiconductors or biotechnology. After 1991, India abandoned planning for industrial growth assuming, mistakenly, that there is no role for industrial policy in a globalised economy. It will be costly to continue with that error now, at a time when both the United States and China are lavishing government support for their industries.

At the same time, India must redouble efforts to make economic growth more inclusive and broad-based. Education, especially higher education, should be accessible to all, including the dispossessed.

India's mission to use technology to propel itself to a higher level of development is half won. Now if the country's billion-strong masses acquire the social and the human capabilities required for upward mobility, that will be the equivalent of a lunar takeoff in economic progress.

Jayan Jose Thomas is Professor of Economics at the Indian Institute of Technology (IIT) Delhi

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A LIGHT-BULB MOMENT FOR THE INDIAN FAN MARKET

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Industry & Services Sector incl. MSMEs and PSUs

September 22, 2023 12:08 am | Updated 02:11 am IST

'Fans are undergoing their first major phase of disruption in decades' | Photo Credit: Getty Images/iStockphoto

Even in the humid weather of August and September, as in the dry heat of May, the ceiling fan continues to provide comfort to many in India. The ceiling fan market is undergoing a churn too, driven by policy imperatives and a regulation change. But the fan market must learn from the successes and hiccups of the light-emitting diode (LED) bulb story. The policy imperative driving the change in the fan market is energy transition in a world that must grow sustainably with changing climate. India's goal of reducing harmful emissions per unit of GDP, by 45% by 2030, relative to 2005, requires a sharp reduction in the energy consumed for economic activity. Households account for nearly a third of all electricity consumed in India, and ceiling fans, used by 90% of households, as per a Council on Energy, Environment and Water (CEEW) survey of 2020, represent about a quarter of household electricity consumption. The India Cooling Action Plan projects that the number of fans in use in India could grow to a billion by 2038, from about 500 million now, as incomes grow along with average temperatures.

Given the importance of fans, the Bureau of Energy Efficiency (BEE), India's energy efficiency regulator under the Union Ministry of Power, made the Standards and Labelling (S&L) programme, popularly known as the 'star-rating' programme, mandatory for ceiling fans in May 2022. This was a long-awaited shift from the voluntary programme implemented in 2009. But '5-star' fans (the star rating) cost twice as much as typical unrated fans — not a small barrier to adoption in India's price-sensitive market. To tackle this, Energy Efficiency Services Limited (EESL) is planning a demand aggregation programme to sell 10 million '5-star' ceiling fans. The programme hopes to transform the fans market much like it did for LED lamps under the famous Unnat Jyoti by Affordable LEDs for All (UJALA) programme. The UJALA programme, launched in 2015, helped reduce the price of LED lamps from 400 to 90 in a span of three to four years. But ceiling fans are a more complex appliance than LEDs. Here are four measures for a sustainable and beneficial transformation of the fans market.

First, maintain a technology-agnostic policy. Demand aggregation is most effective when a single technology specification is procured in bulk. In the case of LEDs, it was the nine-watt white light LED bulb. But fans have a wider spectrum of technology, each with its own trade-offs. A policy that covers more than one specification would be more cost-effective in the long run. A typical ceiling fan uses the time-tested induction motor, which is rugged but may have limits on energy performance. The newer kid on the block, the brushless DC (BLDC) motor, is the only commercially available technology so far that meets the ‘5-star’ performance benchmark. But it has a high import dependency for components. Other motor designs are either underdeveloped, too costly, or have an even higher import dependence. As BEE’s regulation change kickstarts innovation, demand aggregation under a technology-agnostic policy must let manufacturers offer different technologies to consumers so that they can compete and market transformation is cost-effective. EESL’s intent to create a platform for demand aggregation is a welcome step in this direction.

Also read | Ceiling fans get costlier as BEE’s revised norms mandate star labelling

Second, manage the balance between price reduction and quality. The intense pressure on price on LEDs during the UJALA programme led to lower-quality products entering the market, with higher failure rates. A 2019 study found that half the LED brands were non-compliant with safety standards. While replacing a bulb is easy and cheap, replacing a ceiling fan is inconvenient and costly. Low-quality products could lead to a deficit of consumers’ trust in the new technology, prompting them to revert to the old. To make the transition more sustainable, demand aggregation programmes must let the market actors determine the trajectory of price reduction rather than enforcing it.

Third, foster high-quality domestic manufacturing capacity for high-efficiency fans. While the growth of the LED market spawned new manufacturers and brands, India arguably missed the bus on maintaining the quality of local manufacturing and reducing import dependence for components. India can leverage its massive domestic market to achieve economies of scale for finished products and components, and expand into the export market. India already exported about five million fans in 2021, primarily to the United Arab Emirates, Nepal, Ghana, Sri Lanka, Sudan and Iraq. As more countries enforce minimum energy performance standards for fans, Indian quality and performance standards must be updated to align with international ones to ensure that manufacturers are competitive.

And, finally, dedicate resources to strengthening the standard and labelling programme. At least 30% of India’s ceiling fans market may be unorganised. This segment is likely to be a late adopter of new technologies and will keep selling cheaper, inefficient fans to price-sensitive or unassuming consumers in the meantime. BEE and its State designated agencies must use their market monitoring powers to ensure that products with authentic energy performance labels reach consumers, non-compliant models are taken out of the market, and barriers to selling new energy-efficient models are lowered.

Fans are undergoing their first major phase of disruption in decades. Energy-efficient fans can not only help the vulnerable population get access to a critical service for coping with events of extreme heat with lower electricity bills, but are also central to India’s clean energy transition and can play a part in its economic growth.

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A CLEAR MESSAGE TO INDUSTRY ON DISPUTE RESOLUTION

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Industry & Services Sector incl. MSMEs and PSUs

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‘The Act will effectively position mediation similar to commercial arbitration in India’ | Photo Credit: Getty Images/iStockphoto

Any conversation about the Indian litigation system eventually veers toward the term Alternative Dispute Resolution (ADR). ADR refers to a bouquet of mechanisms that enables disputing parties to resolve their differences amicably, without the intervention of courts. Given the delays in Indian court proceedings and increasing cost of litigation, the significance of ADR in India cannot be understated. Until recently, these discussions largely focussed on arbitration or conciliation of disputes under the Arbitration and Conciliation Act, 1996 (A&C Act). But mediation of disputes is finally getting its due.

In the recent monsoon session of Parliament, both Houses passed The Mediation Bill, 2023, and upon receiving the assent of the President of India, is referred to as the Mediation Act, 2023 (“the Act”). The Indian legal framework already encourages courts to refer the disputing parties to ADR procedures, including mediation, if there were elements of settlement which the parties may accept. The Act will take this encouragement a step forward. Irrespective of a prior mediation agreement, it will obligate each party to take steps to settle their dispute through pre-litigation mediation before approaching an Indian court. To facilitate this process, the Act will also require courts and relevant institutions to maintain a panel of mediators.

The potential benefits are several. This requirement is expected to reduce the filing of frivolous claims before Indian courts. Owing to the confidentiality of a mediation, it may also mitigate the risk of deterioration of the parties’ relationship due to a publicly fought dispute. Yet, at the same time, concerns are raised about the feasibility of a mediation conducted under the sword of an obligation as opposed to a sincere desire to arrive at an amicable resolution. In the latter scenario, this may empower a recalcitrant defendant to delay a genuine claim. Fortunately, the Act will provide some safeguards against these concerns. On the one hand, it will require the mediation to ordinarily be conducted by an empanelled mediator, who must always be neutral and have uncompromising expertise.

Subject to an extension by the parties, they must also complete the mediation within 180 days from the parties’ first appearance. On the other hand, the Act will not remove the refuge of Indian courts entirely. A party may, in exceptional circumstances, seek urgent interim reliefs from a court before the commencement or during the continuation of a mediation. These provisions prioritise expertise and efficiency, while ensuring that the obligation of pre-litigation mediation is not weaponised. The aim is to create a balanced framework which encourages the parties to focus more on their commercial dealings and less on their disputes.

In these discussions, however, one aspect has gone unnoticed. The Act will effectively position mediation similar to commercial arbitration in India. The similarities between their respective supporting pieces of legislation are obvious. Both pieces of legislation impose stringent timelines for the conduct of proceedings, mandate confidentiality, obligate Indian courts to refer the parties to mediation or arbitration, provide a default mechanism for the appointment of a mediator or arbitrator, and prescribe the procedure for the termination of their mandate. Likewise, both ensure the enforceability of a mediated settlement agreement and an arbitral award, respectively. The establishment of a Mediation Council of India equally mirrors the proposal in 2019 to establish an Arbitration Council of India (that is yet to be implemented). Mediation and commercial arbitration are thus made allies, albeit at different stages of the same journey.

Parliament's message to Indian industry is clear — in commercial matters, courts must no longer be the default venue for dispute resolution. Parties are expected to resolve their dispute amicably through mediation, and, alternatively, through commercial arbitration. While the doors of Indian courts are open if required, this access must be perceived as a matter of last resort. To this extent, the Act will foster camaraderie between the mediation and arbitration of commercial disputes, and reduce the burden on Indian courts.

In this context, a final key parallel emerges. Similar to how the recent amendments to the A&C Act prioritised institutional arbitration of disputes, the Act also places emphasis on institutional mediation in India. It envisages "mediation service providers" to provide not only the services of a mediator but also all the facilities, secretarial assistance, and infrastructure for the efficient conduct of mediation. A mediation service provider is synonymous with arbitration institutions. India is already home to experienced arbitration institutions, some of which provide mediation services that are on a par with global best practices. These institutions are, therefore, expected to play a meaningful role in India's mediation journey. Only then would India become a global hub not only for arbitration but also for all aspects of commercial dispute resolution.

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