



April 26, 2024 – Friday

Economy

Indian economy stands out with strong show: Finance Ministry

India's "promising economic performance" continues to be backed by resilient growth, robust economic activity indicators, price stability and steady external sector performance, the finance ministry said Thursday. However, geopolitical tensions such as those roiling West Asia, remain a concern although risk perceptions over them have softened, offering a potential upside for growth, the ministry said in its monthly economic report for March. The global economic landscape is seeing a gradual resurgence, with fading fears of recession and rebounding growth in major economies, it said. But regional disparities in terms of the pace of growth still exist. India continues to exhibit a robust economic performance, despite global uncertainties, due to factors such as strong domestic demand, robust investment and sustained manufacturing momentum, the ministry said.

<https://economictimes.indiatimes.com/news/economy/indicators/indian-economy-stands-out-with-strong-show-finance-ministry/articleshow/109602942.cms>

World Bank, IT ministry to come up with state-level DPI adoption index

The World Bank, along with the Ministry of Electronics & Information Technology (Meity), is working on developing a state-level Digital Public Infrastructure (DPI) adoption index that will help boost the digital economy and support financial inclusion. In response to Business Standard's queries, the World Bank said the project was under preparation. "The state-level DPI index will help analyse gaps to strengthen the digital economy, support financial inclusion, and increase public-private innovation," it said. The bank has invited applications from consulting firms to participate in the initiative. An official, who did not wish to be named, said the index would evaluate different states based on the level of adoption of DPIs. "The main aim is to encourage states to increase the use of DPIs. It will be used by the Centre to identify the gaps in the current systems," he said.

https://www.business-standard.com/economy/news/world-bank-meity-to-come-up-with-state-digital-public-infra-adoption-index-124042500986_1.html

Interest rates may stay higher than expected in 2024-25: World Bank report

Interest rates could remain higher than expected in 2024 and 2025 as global commodity prices level off, the World Bank said in a report released Thursday. The report also noted that a significant flare-up in the Middle East could further stoke global inflation. "A key force for disinflation-falling commodity prices has essentially hit a wall. That means interest rates could remain higher than currently expected this year and next. The world is at a vulnerable moment: a major energy shock could undermine much of the progress in reducing inflation over the past two years," said Indermit Gill, chief economist, World Bank. The World Bank's index of commodity prices has remained unchanged since mid-2023. The new Commodity Outlook projects prices are expected to decline 3% in 2024 and 4% in the following year.

<https://economictimes.indiatimes.com/news/economy/indicators/interest-rates-may-stay-higher-than-expected-in-2024-25-world-bank-report/articleshow/109602914.cms>

As India develops, problem of high food inflation will get less severe: RBI MPC member Ashima Goyal

The problem of high food inflation will be "less severe" in India going ahead, as modern supply chains with diversified sources can help quickly address sudden spikes in prices of specific food items, RBI Monetary Policy Committee (MPC) member Ashima Goyal said on Thursday. Stressing that the share of food in the household budget is high in India, Goyal said policy needs to focus on increasing agricultural productivity, since stable agricultural prices are important for non-inflationary growth. "As India develops, this problem (high food inflation) will get less severe, for a number of reasons. Modern supply chains with diversified sources respond quickly to large spikes in specific items," she told PTI.

<https://economictimes.indiatimes.com/news/economy/indicators/as-india-develops-problem-of-high-food-inflation-will-get-less-severe-rbi-mpc-member-ashima-goyal/articleshow/109588083.cms>

Fuel Inflation impacts core more than food: Report

The impact of fuel prices on core inflation is higher than that of food inflation and the response of core inflation to fuel price shock becomes significant and large during global uncertainties, said a research paper by RBI economists. Food inflation is better anchored since the central bank moved to flexible inflation targeting as its policy goal, the paper said. The paper assessed the degree and duration of the potential second-round effects of food and fuel price shocks on headline inflation. "Our analysis suggests that headline inflation reverts to core inflation and not vice versa. While there has been a decline in the volatility of fuel inflation, its impact on core inflation has turned significant of late" said Harendra Kumar Behera and Abhishek Ranjan from the Reserve Bank's department of Economic and Policy Research.

<https://economictimes.indiatimes.com/news/economy/indicators/fuel-inflation-impacts-core-more-than-food-report/articleshow/109588037.cms>

Finance

Online credit card spends rise 20% YoY in March to a record high of Rs 1 lakh crore

Online credit card expenditures surpassed the milestone of Rs 1 lakh crore for the first time in March, reaching Rs 1,04,081 crore, TOI said in a report on Thursday. This marked a 20 per cent increase from approximately Rs 86,390 crore in March 2023 and a 10 per cent rise from Rs 94,774 crore in February 2024. Offline transactions via point-of-sale terminals totaled Rs 60,378 crore in March, up 19 per cent from Rs 50,920 crore the previous year. Overall credit card transactions in March 2024 amounted to Rs 1,64,586 crore, a 20 per cent increase from Rs 1,37,310 crore in the previous year. The total number of credit cards in India, crossed 10 crore mark initially in February, and reached 10.2 crore by the end of March, indicating a 20 per cent increase from the previous year's 8.5 crore.

<https://economictimes.indiatimes.com/industry/banking/finance/online-credit-card-spends-rise-20-yoy-in-march-to-a-record-high-of-rs-1-lakh-crore/articleshow/109590747.cms>

Centre paid Rs 147.82 crore in interest subsidy on loans under PM SVANidhi

The central government has paid Rs 147.82 crore in interest subsidy to street vendors under PM SVANidhi scheme since it began in 2020 and till March 31, the Ministry of Housing and Urban Affairs said. The street vendors availing loans under the scheme are eligible to get an interest subsidy of 7 per cent for all the loans -- 1st, 2nd, and 3rd loans. The interest subsidy amount is credited into the borrower's account quarterly. As per a reply to an RTI query, the Ministry of Housing and Urban Affairs informed: "As of 31st March 2024, interest subsidy of Rs 147.82 crore has been released to scheme beneficiaries."

<https://economictimes.indiatimes.com/news/economy/finance/centre-paid-rs-147-82-crore-in-interest-subsidy-on-loans-under-pm-svanidhi/articleshow/109595294.cms>

Tax dept extends deadline for charitable trusts' registration till June 30

The income tax department on Thursday extended the deadline for charitable and religious trusts to furnish registration application with tax authorities till June 30. The Central Board of Direct Taxes (CBDT) had earlier extended the due date for filing Form 10A, Form 10AB by trusts, institutions and funds multiple times and the last such extension was till September 30, 2023.

https://www.business-standard.com/economy/news/tax-dept-extends-deadline-for-charitable-trusts-registration-till-june-30-124042500951_1.html

Tough times for urban cooperative banks as bad loans build, ranking dips

Urban cooperative banks in India, set up after the success of similar initiatives in Europe, trace their history to the 19th century. The last few years have not been great for the segment, which holds more than Rs 5 trillion in deposits, shows a Business Standard analysis of Reserve Bank of India (RBI) data released as part of its 'Primary (Urban) Co-operative Banks' Outlook 2022-23'.

https://www.business-standard.com/industry/banking/tough-times-for-urban-cooperative-banks-as-bad-loans-build-ranking-dips-124041900436_1.html

Household debt set for new peak

India's household debt may have hit an all-time high of 39.1% of the gross domestic product (GDP) in the third quarter of FY24, which is higher than the previous peak of 38.6% in Q4FY21. The debt is estimated to have jumped 16.5% year-on-year in Q3FY24, driven largely by a faster growth in non-housing debt, an analysis by Motilal Oswal reveals.

<https://www.financialexpress.com/policy/economy/household-debt-set-for-new-peak/3466349/>

Mop up from divestment, asset sale beats FY24 RE of Rs 30,000 crore

The government's "miscellaneous capital receipts", which include realisation from disinvestment and asset monetisation, exceeded the revised estimate of Rs 30,000 crore in fiscal 2024, a senior official said. While disinvestment proceeds totalled Rs 16,507 crore, asset monetisation fetched around Rs 16,000 crore, he told ET. "Some road assets were monetised on a ToT (toll, operate and transfer) basis," he added. In a rare move, the interim budget for FY25 clubbed the government's disinvestment and asset monetisation targets under the "miscellaneous capital receipts" head, instead of declaring them separately. The budget, presented on February 1, had pegged the combined realisation for FY24 at Rs 30,000 crore (revised estimate) and Rs 50,000 crore for FY25.

<https://economictimes.indiatimes.com/news/economy/finance/mop-up-from-divestment-asset-sale-beats-fy24-re-of-rs-30000-crore/articleshow/109602779.cms>

Industry

MSME exporters are worst hit due to increased freight charges and doubled turnaround time

The prolonged Russia-Ukraine and Iran-Israel conflicts coupled with the economic instability in American and European markets have had a crippling impact on the MSME sector. Increased freight charges, doubled turnaround time of cargo and steep hikes in insurance premiums have forced small and medium export oriented units to halve their outputs with most presently operating at around 50% of their respective capacities.

<https://www.financialexpress.com/business/sme-msme-exporters-are-worst-hit-due-to-increased-freight-charges-and-doubled-turnaround-time-3467477/>

Centre looks to rejig MSME schemes

The Centre has drawn up a plan to streamline and strengthen incentive schemes for the micro small and medium enterprises (MSMEs), and this may be one of the priorities of the Narendra Modi government if voted back to power for a third term. The new measures being looked at include giving certain incentives to manufacturers for their domestic procurement from MSMEs under production-linked incentive (PLI) schemes, which are likely to be revamped.

<https://www.financialexpress.com/business/centre-looks-to-rejig-msmenbpschemes-3467580/>

Large utility vehicles race past compact cars in growth lane

Sales of large utility vehicles such as SUVs and MPVs, which meet the government's definition of 'popular SUVs', advanced at a faster clip—27% in FY24 ahead of a 25% growth in the compact SUV segment, according to analysis of data compiled by the Society of Indian Automobile Manufacturers (Siam). While compact SUV models—defined as per body type and ground clearance—are driving the surge in the overall passenger vehicle market on account of their larger share in absolute terms, larger UVs are fast catching up. Clearly, the shift towards bigger vehicles have benefitted Mahindra & Mahindra and Toyota Kirloskar the most. Led by the XUV700, Scorpio-N and other models, Mahindra's market share in the large UV segment (classified as UV2 by Siam) rose to 45% in FY24 -- the highest in four years --from 28% in FY21, helping the firm surpass the pre-Covid peak of 44% in FY19.

<https://economictimes.indiatimes.com/industry/auto/cars-uvs/large-utility-vehicles-race-past-compact-cars-in-growth-lane/articleshow/109572856.cms>

ICEA bats for semiconductor chip design, manufacturing to be treated as strategic sector

Industry body ICEA has recommended various measures, including encouraging large Indian corporates to invest in semiconductor design and treating chip design and manufacturing as a strategic sector, to place India at the forefront of semiconductor product design and IP creation. India Cellular and Electronics Association (ICEA), in its latest report, also recommended that India should establish an exclusive market exchange for electronics and hi-tech industry. This would drive growth and innovation across the industry, while also creating capacities to become a global hub for electronics and semiconductor manufacturing, it said.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/icea-bats-for-semiconductor-chip-design-manufacturing-to-be-treated-as-strategic-sector/articleshow/109600951.cms>

Fintech players likely to request RBI for a simpler merchant KYC process

Fintech players are planning to suggest a minimal know-your-customer (KYC) process for small merchants, and a risk-based and graded approach to customer verification. This is part of the feedback on draft directions of payment aggregator regulations by the Reserve Bank of India (RBI). Fintech players told Business Standard some merchants might be “too small” to go through the full KYC process, which requires physical verification of such customers. This, in turn, may increase their costs. Fintech players likely to request RBI for a simpler merchant KYC process.

https://www.business-standard.com/industry/news/fintech-players-suggest-graded-know-your-customer-process-for-rbi-124042500901_1.html

Companies ramp up background checks on C-suite

An increasing number of large Indian companies, conglomerates and family-owned businesses are discreetly keeping their CEOs, CXOs and key managerial personnel (KMPs) under watch by commissioning ongoing background screening, said top executives at advisory firms, background verification companies, board members and lawyers. There's been a near-six-fold jump in demand for such verification with a push from promoters and boards prompted by a stricter focus on corporate governance, greater fraud risk perception, the threat of greater legal liabilities for companies and a tougher regulatory environment. Apart from avoiding any reputational damage, companies also want to make sure executives are doing their jobs to the best of their ability.

<https://economictimes.indiatimes.com/jobs/c-suite/companies-ramp-up-background-checks-on-c-suite/articleshow/109603147.cms>

Agriculture

Mustard prices rule below MSP despite govt intervention

Mandi prices of mustard seed are ruling 10-12% below the minimum support price (MSP) despite the government initiating procurement of oilseeds under the price support scheme (PSS) operations. Trade sources attribute lower price realisation by the farmers to sluggish pace of government purchase, bumper output and cheaper imports of edible oils.

<https://www.financialexpress.com/policy/economy-mustard-prices-rule-below-msp-despite-govt-intervention-3467428/>

Infrastructure

Comm min working on infra to achieve \$1 tn exports by 2030: Official

The commerce ministry has initiated an exercise to identify required infrastructure needs, potential sectors, and clusters which would help the country achieve the \$1 trillion merchandise exports target by 2030, a senior government official said on Thursday. Additional Secretary in the Department of Commerce Anant Swarup said that the Asian Development Bank has been requested to conduct a study in this regard.

https://www.business-standard.com/industry/news/comm-min-working-on-infra-to-achieve-1-tn-exports-by-2030-official-124042500537_1.html

'Indian airlines will need 60 wide-body planes for long routes by FY2032'

Indian airlines will require around 60 more wide-body aircraft to serve long and ultra-long haul markets in financial year 2032, aviation consultancy CAPA India said on Thursday. India is one of the world's fastest growing civil aviation markets but at present, only Air India and Vistara have wide-body planes in their fleets.

https://www.business-standard.com/industry/news/indian-airlines-will-need-60-wide-body-planes-for-long-routes-by-fy2032-124042501200_1.html

Energy

E-waste recycling startups spot an opportunity in EV batteries

Domestic e-waste recycling startups are gearing up to capitalise on a lucrative new revenue stream — recycling lithium-ion batteries used in electric vehicles (EVs) which are starting to reach the end of their usable life cycle. Recyclers are looking to extract value from these spent EV batteries, which typically have a lifespan of 5-8 years. EVs started gaining popularity in India around 2017-18, so the first wave of batteries from those early models are now nearing the end of their life cycle and beginning to enter the recycling chain.

<https://www.financialexpress.com/business/sme-e-waste-recycling-startups-spot-an-opportunity-in-ev-batteries-3467588/>

COAI renews demand for revenue share between telcos, traffic generator apps

Telecom industry body COAI renewed its demand for revenue share between telcos and large traffic generator apps like Netflix and Instagram, saying telecom operators would need additional fund to upgrade infrastructure to meet the increasing demand for bandwidth. In a letter to telecom secretary Neeraj Mittal, Cellular Operators Association of India (COAI) said it is imperative that the Indian government takes critical note of the issue facing the telecom sector at this juncture and help create "an apt precedent for the world".

https://www.business-standard.com/industry/news/coai-renews-demand-for-revenue-share-between-telcos-traffic-generator-apps-124042501180_1.html

Crude oil processing volumes rose to 23.4 mmt in March: PPAC data

Crude oil volumes processed by Indian refiners rose to 23.4 million metric tonnes (MMT) in March, data released by the Petroleum Planning and Analysis Cell (PPAC) on Thursday showed. Processed volumes rose by 1.6 per cent compared to 23 MMT processed in March 2023. On a sequential basis, however, volumes rose by 11.9 per cent from February's 20.9 MMT. Out of the total volume processed in March, government-owned oil public sector undertakings (PSUs) and joint ventures accounted for 16.1 MMT, while private refiners processed 7.3 MMT of crude oil.

https://www.business-standard.com/industry/news/crude-oil-processing-volumes-rose-to-23-4-mmt-in-march-ppac-data-124042501176_1.html

Higher generation capacity, gas-based plants to help meet India's high summer power demand: Fitch

Fitch Ratings expects India's power demand to rise by 7-8 per cent year-on-year in second quarter of 2024 due to robust industrial activity, strong GDP growth and the Indian Meteorological Department's (IMD) forecast of above-normal temperatures during the summer months. However, the rating agency believes much of this demand will be met through larger operating capacities, adequate coal inventory, and higher utilization of gas-based plants.

<https://economictimes.indiatimes.com/industry/energy/power/higher-generation-capacity-gas-based-plants-to-help-meet-indias-high-summer-power-demand-fitch/articleshow/109598907.cms>

Healthcare

Medical devices companies to soon have 'unique' pricing model

India's drug pricing regulator is working on a new pricing framework for medical devices. The National Pharmaceutical Pricing Authority's (NPPA) expert committee is studying the existing price regulations prevalent in other countries to come out with a "unique" pricing mechanism for manufacturers of medical devices in India, people in the know told ET. At present there is no separate pricing framework followed for medical devices. The government

has been using the same framework which was created for drugs in case they want to regulate the price of any medical device. Earlier, it had regulated the prices of stents and knee implants under the Drug Price Control Order. <https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals/medical-devices-companies-to-soon-have-unique-pricing-model/articleshow/109602952.cms>

External

Despite uncertainties, services exports grow 11.4% in 2023: UNCTAD report

India's services exports jumped 11.4 per cent to \$345 billion in 2023 despite global economic uncertainties, while China's shipments from the sector contracted by 10.1 per cent to \$381 billion, according to a UNCTAD report. Sectors that contribute to India's services export growth include travel, transport, medical and hospitality. With an 8.9 per cent annual rise in current dollar value terms, the world services exports surpassed \$7.9 trillion in 2023, a quarterly bulletin of UNCTAD said.

https://www.business-standard.com/economy/news/despite-uncertainties-services-exports-grow-11-4-in-2023-unctad-report-124042500529_1.html

Engineering goods exports up 10.7% in March to \$11.28 billion: EEPC

India's engineering goods including steel and machinery exports rose 10.7% year-on-year in March to \$11.28 billion, growing in double digits for the second straight month, despite ongoing supply issues caused by disruption to shipping through the Red Sea, a trade body said. Engineering goods, which account for one-fourth of merchandise exports, rose 2.13% in the 2023/24 financial year, to \$109.3 billion from a year earlier, Engineering Export Promotion Council (EEPC), a body affiliated with the Commerce Ministry, said in a statement on Thursday.

https://www.business-standard.com/economy/news/engineering-goods-exports-up-10-7-in-march-to-11-28-billion-eepe-124042501043_1.html

Govt allows exports of specified quantity of white onion via three ports

Easing export ban, the government on Thursday permitted overseas shipments of a specified quantity of white onion from three ports. The Directorate General of Foreign Trade (DGFT) in a notification said that the exporter shall have to get the certificate from the Horticulture Commissioner, Government of Gujarat, certifying the item and quantity of white onion to be exported. "Exports of up to an aggregate quantity not exceeding 2,000 MT (tonnes) of white onion has been allowed through the specified ports, taken together, with immediate effect," it said. The exports are allowed from Mundra Port, Pipavav Port and Nhava Sheva/JNPT Port.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/govt-allows-exports-of-specified-quantity-of-white-onion-via-three-ports/articleshow/109599194.cms>

India seeks overseas help for lithium processing to avoid relying on China

India is in talks with several countries seeking partnerships for technical help on lithium processing, said four sources familiar with the matter, to bolster its nascent lithium mining and electric vehicle industries and avoid relying on China. India's Ministry of Mines began discussions with Australia and the United States last year, said the four sources, two from India's government and two industry participants. The Indian government and some private companies have also sought help from Bolivia, Britain, Japan, and South Korea, said the sources, who did not wish to be identified as the discussions were not public.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-seeks-overseas-help-for-lithium-processing-to-avoid-relying-on-china/articleshow/109592005.cms>