



May 1, 2024 – Wednesday

Economy

India needs 'hard reforms' to reach 7.5% growth, HSBC says

India will need to carry out difficult reforms such as overhauling land and labour laws in order to grow the economy more than 7.5 per cent over the next decade, according to HSBC Holdings Plc. Even with easy to moderate reforms, growth can come in at 6.5 per cent over the medium term, Pranjul Bhandari, HSBC's chief India economist, wrote in a report on India's elections Monday. "For 7.5 per cent+ growth, moderate to hard reforms will be necessary," she said.

<https://www.thehindubusinessline.com/economy/india-needs-hard-reforms-to-reach-75-growth-hsbc-says/article68123642.ece>

Skill-imparting companies train youth for evolving job market demands

Skill-imparting companies and those working in the field of education are aware of the challenges faced by graduates, more so by technical hands, in finding suitable jobs. Now these companies are coming out with innovative solutions to make them employable. According to data compiled by the Institute for Human Development (IHD) on the basis of the periodic labour force surveys (PLFS), since 2017-18 (July-June), the unemployment rate for graduates and those having higher qualifications has been declining, along with that for lower qualified people (with one exception for below primary level people for 2018-19) year-on-year. However, the rate of decline is faster in the case of the latter. The data is census-adjusted.

https://www.business-standard.com/economy/news/skill-imparting-companies-train-youth-for-evolving-job-market-demands-124043000774_1.html

Infrastructure output in March rises 5.2%, cement production up 10.6%

India's infrastructure output in March rose 5.2 per cent year-on-year, compared with a revised 7.1 per cent growth in February, government data showed on Tuesday. Infrastructure output, which accounts for 40 per cent of industrial production, measures activity in eight sectors, including refinery products and electricity. Cement production rose the most at 10.6 per cent in March year-on-year, compared with a 9.1 per cent growth a month earlier. Coal production grew 8.7 per cent, while electricity generation rose 8 per cent.

https://www.business-standard.com/economy/news/infrastructure-output-in-march-rises-5-2-cement-production-up-10-6-124043000839_1.html

ICAI suggests tax incentives to encourage skill development, green projects

The CA Institute has suggested to the government that tax incentives be extended to entities exclusively engaged in skill development programmes, considering their contemporary relevance and importance. The Pre-Budget Memorandum 2024 emphasises the importance of rationalizing direct tax laws, minimizing litigation

<https://www.thehindubusinessline.com/economy/icai-suggests-tax-incentives-to-encourage-skill-development-green-projects/article68123731.ece>

Finance

RBI updates guidance note on operational risk management, extends it to NBFCs

The Reserve Bank of India on Tuesday updated its "guidance note" on operational risk management for the financial sector, and also extended it to the NBFCs, including housing finance companies. The 2005 'Guidance

Note on Management of Operational Risk' covered only commercial banks. The Reserve Bank of India (RBI) said an operational disruption can threaten the viability of a regulated entity (RE), impact its customers and other market participants, and ultimately have an impact on financial stability.

https://economictimes.indiatimes.com/news/economy/policy/rbi-updates-guidance-note-on-operational-risk-management-extends-it-to-nbfcs/articleshow/109732651.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Excluding the merger impact loans to services grew faster than retail in FY'24

The year 2023-24 has seen a few changes in the lending pattern of banks. Lending to large corporates recovered after post COVID-19 contraction. The Reserve Bank stepped in to improve lending quality of retail loans which helped banks' loan books in recent years by assigning higher risk weights to unsecured lending, which helped in slowing the pace of growth of such loans. In the process, without factoring in the merger impact of HDFC with HDFC Bank, loans to services factor grew faster at 20.2 percent than retail at 17.7 percent in FY'2023-24 according to the latest data on sectoral deployment of bank credit. While retail loans continue to lead the pack with 27.6 percent followed by services at 22.9 percent if one factors in the merger impact of HDFC with HDFC Bank.

<https://economictimes.indiatimes.com/industry/banking/finance/excluding-the-merger-impact-loans-to-services-grew-faster-than-retail-in-fy24/articleshow/109734003.cms>

Banks could boost revenues by 6% with Generative AI: Accenture report

Banks can significantly increase employee productivity and revenues by incorporating generative AI (GenAI) in their operations, according to a report by IT company Accenture. Accenture analysed publicly available employee data to estimate the impact of generative AI on banking tasks. The company modelled the financial implications for over 150 large banks globally, including Indian public and private sector banks, over a three-year period.

https://www.business-standard.com/finance/news/banks-could-boost-revenues-by-6-with-generative-ai-accenture-report-124043000407_1.html

SEBI to tighten norms to deter front running at AMCs

The SEBI board on Tuesday approved measures to deter front-running at asset management companies. This will be through an institutional mechanism that will consist of enhanced surveillance systems, internal control procedures, and escalation processes to identify, monitor, and address specific types of misconduct, including front-running, insider trading, and misuse of sensitive information. SEBI has also allowed for increased contributions by non-resident Indians, overseas citizens of India, and resident Indian individuals in the corpus of certain FPIs based out of GIFT IFSC, subject to conditions. At present, NRIs and OCIs can contribute a maximum of 49 per cent in an FPI.

<https://www.thehindubusinessline.com/markets/sebi-to-tighten-norms-to-deter-front-running-at-amcs/article68125982.ece>

PSBs told to speed up recovery at tribunals

The Centre has directed state-owned lenders to avoid seeking unnecessary adjournments before debt recovery tribunals, a government official said. Banks have been asked to conduct monthly reviews to expedite the debt recovery process and reconcile cases that have already been settled."An observation was made by Presiding Officers (POs) of debt recovery tribunals (DRTs) that the legal representative from banks often seeks adjournments on minor issues, which often leads to delays in resolution of cases," the official said, adding lenders have been told to ensure that they should advise their legal teams to keep a tab and conduct reviews on unnecessary adjournments.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/psbs-told-to-speed-up-recovery-at-tribunals/articleshow/109738107.cms>

Industry

India will become leader in offshore mining: Official

India will become the leader in offshore mining as not many countries have done much in this area, a government official said on Tuesday. Offshore mining is the process of retrieving mineral deposits from the deep seabed, at a depth of more than 200 metres. Speaking at the Critical Minerals Summit here, Joint Secretary in Ministry of Mines, Veena Kumari D said the government has amended the offshore mining legislation. "We have

done amendment to the Act for offshore mining and we are working on the rules for that and India will be the leader in offshore mining because not many countries have done much of offshore mining and we were working on it since August 2023,” she added.

https://economictimes.indiatimes.com/industry/indl-goods/svs/metals-mining/india-will-become-leader-in-offshore-mining-official/articleshow/109733524.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cpps

Aluminium industry requires additional capex of Rs 2.2 lakh cr to achieve net-zero emissions: Study

The aluminium sector in India would need an additional capital expenditure (capex) of about Rs 2.2 lakh crore to attain net-zero carbon emissions, an independent study on Tuesday said. The study released by the Council on Energy, Environment and Water (CEEW) said that green energy can abate 49 per cent of the total emissions from the industry. A complete transition to renewable is not feasible at the moment as it is intermittent in nature, and backup will always be necessary in case of grid failure, it said.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/metals-mining/aluminium-industry-requires-additional-capex-of-rs-2-2-lakh-cr-to-achieve-net-zero-emissions-study/articleshow/109732461.cms>

CRISIL SME Tracker: Equations getting better for chemicals MSMEs

Prospects of the domestic chemicals industry appear to be brightening as demand revives and inventories normalise.

Last financial year, factors such as oversupply from China, weak demand in developed markets and inventory corrections dampened revenue growth. This financial year, Crisil Research expects the industry to rebound 7-9 per cent on a low base. Although some segments — dyes and pigments, discretionary industries, and agrochemicals, to name some — continue to face headwinds, these are viewed as temporary challenges, and the medium- to long-term outlook remains positive.

https://www.business-standard.com/economy/news/crisil-sme-tracker-equations-getting-better-for-chemicals-msmes-124043001388_1.html

GCCs lead in gender diversity in India; deeptech firms lag behind: Research

Global Capability Centres (GCCs) in India are leading the charge for a diverse workforce, with women accounting for 28 per cent of their workforce, reveals a joint research by Pure Storage-Zinnov released on Tuesday. Achieving gender parity, however, remains a challenge in deeptech organisations, where the percentage of women workforce stands at a mere 23 per cent, according to the report. The study titled, ‘Towards a Gender Equitable World: Unveiling Diversity in Deeptech’ highlights the need for greater focus on university enrolment in science, technology, engineering, and mathematics (STEM) courses, and workplace retention to address the low representation of women in the deeptech sector.

https://www.business-standard.com/india-news/gccs-lead-in-gender-diversity-in-india-deeptech-firms-lag-behind-research-124043000906_1.html

Agriculture

High temperatures help improve paddy quality

The harsh summer and heatwave conditions have come as a blessing to the country's rabi paddy crop, which is being harvested now. Crop quality has improved as the moisture content has gone down naturally, and traders can store the grains longer. As a result, the price of rabi rice, which started to arrive in the market, has dropped by 10% compared with kharif rice. However, the heatwave is impacting the production of rice-bran oil as oil manufacturers are facing a shortage of labour. Rice-bran oil is manufactured by extracting the hard outer brown layer of the rice, which is known as bran. This has to be done within 24 hours of harvesting the paddy.

<https://economictimes.indiatimes.com/news/economy/agriculture/high-temperatures-help-improve-paddy-quality/articleshow/109712689.cms>

Avocado traders bet big on rising consumption in India

Westfalia Fruit, the world's leading integrated avocado farming and trading company, is pinning greater hopes on the rising consumption of avocado in the Indian market. Global growth of avocado sales have been in the range of 15-20 per cent annually, while in India it has grown many times faster at 100 per cent.

<https://www.thehindubusinessline.com/economy/agri-business/avocado-traders-bets-big-on-rising-consumption-in-india/article68124096.ece>

Govt allocates 27 lakh tonnes sugar quota to mills for domestic sales in May

The Centre has raised the monthly sugar quota to 27 lakh tonnes (lt) for May from 25 lt released for April, to meet the extra demand during election campaign. The current allocation for May is also higher by 3 lt from the year-ago period. The government decides how much sugar to be sold in the domestic market every month and accordingly allocates quota for each mill.

<https://www.thehindubusinessline.com/economy/agri-business/govt-allocates-27-lakh-tonnes-sugar-quota-to-mills-for-domestic-sales-in-may/article68124615.ece>

Fertilizer subsidy in FY24 exceeds Revised Estimates

The fertilizer subsidy in Fiscal Year 2023-24 (FY24) has exceeded Revised Estimates (RE) by over ₹6,500 crore, latest government data show. However, this is unlikely to impact revised estimate of fiscal deficit. Driven by rise in input and operations cost due to higher natural gas prices.

<https://www.thehindubusinessline.com/economy/fertilizer-subsidy-in-fy24-exceeds-revised-estimates/article68125497.ece>

Wheat procurement target exceeds Govt's current annual requirement

After procurement of wheat exceeded 196 lakh tonnes (lt) in current season, the government has said that it has surpassed the annual requirement of 186 lt for all welfare schemes including the National Food Security Act. However, the actual requirement was 225 lt two years back, which was reduced after the country faced lower production of wheat and replaced with rice in the allocation.

<https://www.thehindubusinessline.com/economy/agri-business/wheat-procurement-target-exceeds-govts-current-annual-requirement/article68125992.ece>

Infrastructure

Road execution likely to dip by up to 10% in FY25, says CareEdge

India's pace of constructing national highways may be dented by up to 1,250 kilometres in 2024-25 and slow down to 31 kilometres per day, owing to execution challenges for the construction sector, rating agency CareEdge said on Tuesday. "National Highways construction pace is expected to slow down from 12,350 kilometres in FY24 to 11,100-11,500 kilometres in FY25. The rising competitive landscape, escalating execution challenges, increasing project complexities, rising participation of moderate sponsors, and elongation in receipt of appointed date from award are key challenges faced by the roads sector," the rating agency said in its report.

https://www.business-standard.com/industry/news/road-execution-likely-to-dip-by-up-to-10-in-fy25-says-careedge-124043000863_1.html

Growth momentum stays strong for large residential developers, CRISIL Ratings

Continuing premiumisation, favourable affordability along with rising per capita incomes is expected to help large, listed residential developers build 10-12% volume growth in the current financial year after an estimated growth of nearly 14% on a high base in fiscal 2023-24, said ratings agency CRISIL Ratings. According to the ratings agency, these developers have a relatively good record of timely and quality delivery, which explains the greater consumer preference for them. Accordingly, their market share is seen doubling to 30-32% in fiscal 2025, compared with fiscal 2019 before the onset of the Covid-19 pandemic.

<https://economictimes.indiatimes.com/industry/services/property/-/construction/growth-momentum-stays-strong-for-large-residential-developers-crisil-ratings/articleshow/109727771.cms>

Energy

India's oil import bill could swell to USD 101-104 bn in FY25: ICRA

India's net oil import bill could widen to USD 101-104 billion in current fiscal from USD 96.1 billion in 2023-24 and any escalation in the Iran-Israel conflict could impart an upward pressure on the value of imports, ICRA said on Tuesday. The domestic rating agency said based on its analysis, lower value of Russian oil imports is estimated to have led to savings of USD 7.9 billion in 11 months (April-February) of 2023-24, up from USD 5.1 billion in 2022-23.

<https://economictimes.indiatimes.com/industry/energy/oil-gas/indias-oil-import-bill-could-swell-to-usd-101-104-bn-in-fy25-icra/articleshow/109721101.cms>

India biggest importer of seaborne Russian crude in April, beats China

India unseated China to become the world's biggest buyer of discounted seaborne Russian crude oil in April, with imports jumping by 10 per cent on the month to a nine-month high, according to early ship tracking data and industry officials. Indian purchases of Russian oil exceeded Chinese imports by 450,000 barrels per day (bpd), data from market intelligence agency Vortexa shows. An appetite for Russian oil has revived as cheaper Venezuelan supplies dried up after the US reimposed sanctions this month on the Latin American nation. A 45-day "wind-down" period expires at the end of May, but sanctions could be relaxed again should the Venezuelan government show progress toward democratic reforms.

https://www.business-standard.com/economy/news/india-biggest-importer-of-seaborne-russian-crude-in-april-beats-china-124043000338_1.html

Govt cuts windfall tax on petroleum crude to Rs 8,400 per MT from May 1

India has cut its windfall tax on petroleum crude to 8,400 Indian rupees (\$100.66) a metric ton from 9,600 rupees with effect from May 1, the government said on Tuesday. The tax, which is revised every fortnight, was left unchanged at zero for diesel and aviation turbine fuel. The government had on April 16 raised the windfall tax on petroleum crude to 9,600 rupees a metric ton from 6,800 rupees.

https://www.business-standard.com/india-news/govt-cuts-windfall-tax-on-petroleum-crude-to-rs-8-400-per-mt-from-may-1-124043001417_1.html

Telecom

GCCs emerge as a key cog in telcos' enterprise play

Offshore units of multinational corporations (MNCs) are fast emerging as a crucial cog in the enterprise plays of India's top telcos investing large investments in dedicated leased lines, fibre rollouts, secure networking solutions, and high-speed internet access. With over 47 new such offshore units, popularly known as global captivity centres (GCC), emerging in India in 2023 alone, telcos are looking at tailored solutions and strategic partnerships with their enterprise revenue expected to touch Rs 30,000 crore in FY24, growing 16% on-year, according to multiple estimates by analysts.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/gccs-emerge-as-a-key-cog-in-telcos-enterprise-play/articleshow/109744073.cms>

Healthcare

Drug firms told to set up system for 'prompt' recalls

Drug manufacturing companies in India will have to set up a comprehensive system for "prompt and effective" recall of sub-standard products, according to the revised 'Schedule M' rules of the Drugs and Cosmetics Act. At a meeting called by the health ministry last week, pharma companies were asked to adhere to the new norms, which also say that a manufacturer recalling a drug will have to convey it to the country's drug regulator, too, people aware of the matter told ET.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals/drug-firms-told-to-set-up-system-for-prompt-recalls/articleshow/109704105.cms>

Healthcare industry announces support for talks on standardising rates

The healthcare industry announced its support for the Centre's move to hold wider consultations with all stakeholders for determining standardised healthcare service rates. The step to hold talks with all states and union territories (UTs) comes after the Supreme Court in February 2024 had directed the Centre to specify standard rates for private hospitals, in consultation with states. The apex court had also warned against applying Central Government Health Scheme (CGHS) rates for treatment services at private healthcare facilities until standardised rates are set.

https://www.business-standard.com/health/healthcare-industry-announces-support-for-talks-on-standardising-rates-124043001256_1.html

External

India, UAE discuss ways to deepen Comprehensive Strategic Partnership

Foreign Secretary Vinay Kwatra on Tuesday held a meeting with UAE's Minister of State for International Cooperation Reem Ebrahim Al Hashimy and discussed ways to further deepen the Comprehensive Strategic

Partnership between the two nations. During the meeting in Delhi, Vinay Kwatra and Reem Ebrahim Al Hashimy reviewed the entire gamut of multifaceted bilateral ties.

<https://economictimes.indiatimes.com/news/india/india-uae-discuss-ways-to-deepen-comprehensive-strategic-partnership/articleshow/109723124.cms>

Urea import dips for the third year in a row

India's urea import has dropped 7 per cent in 2023-24 fiscal, for the third consecutive year, thanks to increase in its domestic output and launch of nano-urea. Besides urea, there is also a decline in import of Di-ammonium Phosphate (DAP) and complex fertilizers, which led to overall imports falling 10 per cent in 2023-24 fiscal.

<https://www.thehindubusinessline.com/economy/agri-business/urea-import-dips-for-the-third-year-in-a-row/article68125859.ece>

India to participate in WTO mini-ministerial in Paris

India will participate in the WTO mini-ministerial meeting of key WTO members scheduled to be hosted by Australia on the sidelines of the OECD meet in Paris on May 2, sources have said. Australia to host the informal meet of select WTO members on the sidelines of the OECD meeting on May 2, say officials.

<https://www.thehindubusinessline.com/economy/india-to-participate-in-wto-mini-ministerial-in-paris/article68125733.ece>

Exports seen higher in April, order inflows robust

Exporters who witnessed a 3.1% annual decline in shipments last fiscal are again upbeat as order inflows have seen a significant rise in April, the first month of new fiscal year. Orders have risen across key sectors in April as compared to March and April of last year, sources said. The sectors like textiles and apparel and leather are reporting an increase in orders which points to a healthy first quarter, director general and chief executive officer of Federation of Indian Export Organisations (FIEO) said Ajay Sahai.

<https://www.financialexpress.com/business/industry-exports-seen-higher-in-april-order-inflows-robust-3473196/>