



May 17, 2024 – Friday

Economy

India to become \$4 trn economy in FY25, surpass Japan by FY26: Sanyal

India will be a \$ 4 trillion economy in 2024-25 and surpass Japan by early next fiscal to become the world's fourth largest economy, Economic Advisory Council to the Prime Minister (EAC-PM) member Sanjeev Sanyal said on Thursday. Sanyal further said that a 7 per cent economic growth rate will be a 'very good' growth rate for India, given various constraints, including the country's weak exports. "So, this financial year, we will become a \$4 trillion economy," he said at an event here.

https://www.business-standard.com/economy/news/india-to-become-4-trn-economy-in-fy25-surpass-japan-by-fy26-sanyal-124051600977_1.html

Finance

Credit offtake stays robust at nearly 16% in May, shows RBI data

The credit offtake continued to be robust early this month with bank loan growth showing 15.92 per cent year-on-year (Y-o-Y) growth till May 3, which was up from 15.5 per cent a year ago. The deposit mobilisation also saw an uptick at 13 per cent Y-o-Y growth against the 10.4 per cent on May 5, 2023, according to Reserve Bank of India (RBI) data.

https://www.business-standard.com/finance/news/credit-offtake-stays-robust-at-nearly-16-in-may-shows-rbi-data-124051601515_1.html

RBI repurchases Rs 2,069 cr worth of bonds, against notified Rs 60,000 cr

The Reserve Bank of India (RBI) repurchased Rs 2,069 crore worth of government bonds on Thursday, against the notified amount of Rs 60,000 crore, as banks refused to sell the securities at a loss, said market participants. "Most of the securities were bought during the COVID-19 pandemic at higher prices and the RBI was not ready to pay at those levels; that's why they accepted the small amount," said a dealer at a state-owned bank.

https://www.business-standard.com/economy/news/rbi-repurchases-rs-2-069-cr-worth-of-bonds-against-notified-rs-60-000-cr-124051601318_1.html

Finance Ministry asks SBI to form committee to tackle co-lending issues

The Finance Ministry has asked the State Bank of India (SBI) to set up a committee to address issues related to the co-lending business model, said a senior government official who does not wish to be named. The Reserve Bank of India had allowed banks to co-lend or co-originate loans with non-banking finance companies, including housing finance companies, to enhance the flow of credit to the unserved and underserved sections of the economy. Non-banking finance companies can take a maximum of 20 per cent, according to the norms.

https://www.business-standard.com/finance/news/finance-ministry-asks-sbi-to-form-committee-to-address-co-lending-issues-124051601536_1.html

RBI warns NBFCs a mode they use for giving loans may bring grief

The Reserve Bank of India has cautioned the country's non-bank finance companies against getting over-reliant on algo-based credit models or they may regret later. "It is crucial to recognize that rule-based credit engines are only as effective as the data and criteria upon which they are built. Overreliance on historical data or algorithms may lead to oversights or inaccuracies in credit assessment, particularly in dynamic or evolving market conditions," RBI Deputy Governor Swaminathan J said in a speech on May 15. The speech was uploaded on the central bank's website on Wednesday.

<https://economictimes.indiatimes.com/news/economy/policy/rbi-warns-nbfc-a-mode-they-use-for-giving-loans-may-bring-grief/articleshow/110174806.cms>

IT firms' work for international clients may not always attract IGST

Services provided by Indian information-technology (IT), marketing, and consulting companies to foreign clients may not always draw integrated goods and services tax (IGST) if a ruling by the Authority for Advance Rulings' (AAR's) Telangana Bench becomes a precedent. The AAR gave its ruling on a specific case of referral services provided by the Hyderabad-based Center for International Admission and Visas (CIAV) to foreign universities and colleges for admitting Indian students. The company does not have any binding agreement with universities, colleges, or students for guaranteed admission in particular places.

https://www.business-standard.com/finance/news/igst-exemption-aar-ruling-may-set-precedent-for-foreign-client-services-124051601156_1.html

India sees forex reserves as main tool to manage bond index inflows

India's vast foreign exchange reserves will be the first line of defense against any market volatility arising from an expected surge in inflows once the country's bonds are included in global indexes, according to people familiar with the central bank's thinking. The Reserve Bank of India plans to absorb the inflows and match the outflows using its near-record high \$642 billion reserves, the people said, asking not to be identified as the discussions are private. While the direct impact of the bond inclusions isn't cause for immediate concern for the RBI, the central bank may consider tweaking its liquidity framework in future to include foreign exchange intervention as an official tool if large flows become persistent, the people said. Any tweak will be a departure from current policy where forex intervention is to smoothen volatility.

https://www.business-standard.com/finance/news/india-sees-forex-reserves-as-main-tool-to-manage-bond-index-inflows-124051600602_1.html

Industry

Indian steel mills fear surge in Chinese imports after US imposes tariffs

India's steel industry, already reeling from cheaper imports, is worried about a surge in shipments from China after the United States imposed tariffs on Chinese steel, industry executives and analysts said. US President Joe Biden on Tuesday unveiled steep tariff increases on an array of Chinese imports including steel and aluminium.

https://www.business-standard.com/industry/news/indian-steel-mills-fear-surge-in-chinese-imports-after-us-imposes-tariffs-124051600615_1.html

Strong sales growth for entry-level two-wheelers in H2 of FY24; big relief for automakers

In a relief to automakers, sales of entry-level two-wheelers — mostly bought by rural consumers — rose in strong double digits in the second half of FY24, underscoring a recovery in demand in this key consumer segment for the first time since the pandemic. The trend continued in April, driven by an improvement in income levels thanks to healthy economic growth, making the automobile industry bullish of a sustained recovery in the two-wheeler segment and sparking green shoots of recovery in small car sales.

<https://economictimes.indiatimes.com/industry/auto/two-wheelers-three-wheelers/strong-sales-growth-for-entry-level-two-wheelers-in-h2-of-fy24-big-relief-for-automakers/articleshow/110187082.cms>

India's internet economy likely to reach \$1 trillion by 2030: Experts

India's internet economy is estimated to reach \$1 trillion by 2030, primarily due to e-commerce, which is expected to be worth \$325 billion and rank third globally, according to industry experts. Last year marked a crucial turning point for India's e-commerce sector, with notable changes in consumer trends, technology, and regulations.

InGovern Research Services, a leading corporate governance advisory firm, hosted a virtual roundtable to deliberate on the notable developments in India's e-commerce sector in 2023, with a particular focus on the essential role of customer trust in fueling its ongoing expansion.

https://www.business-standard.com/economy/news/india-s-internet-economy-is-estimated-to-reach-1-trillion-by-2030-experts-124051600984_1.html

India PC market grew 2.6% in Jan-Mar to 3.07 mn units, HP tops chart

The traditional PC market in India, comprising desktops, notebooks, and workstations, grew 2.6 per cent to 30.7 lakh units in the March quarter, market research firm International Data Corporation said on Thursday. HP led the personal computer (PC) market with a 30.1 per cent share despite an 8.8 per cent decline in shipments. The company's PC shipment dropped to 9.23 lakh units during the quarter from 10.12 lakh a year ago.

https://www.business-standard.com/industry/news/india-pc-market-grew-2-6-in-jan-mar-to-3-07-mn-units-hp-tops-chart-124051600915_1.html

Digital Competition Bill may hinder investments in tech startups: IAMAI

The Internet and Mobile Association of India (IAMAI) has expressed apprehensions about the draft Digital Competition Bill, suggesting it could have adverse effects on Indian startups and other digital enterprises, Moneycontrol reported on Thursday. IAMAI is a key industry body that represents numerous digital entities, including big tech firms. The body made a submission on the subject, arguing that the proposed regulations stifle venture investments in technology startups.

https://www.business-standard.com/industry/news/digital-competition-bill-may-hinder-investments-in-tech-startups-iamai-124051600353_1.html

Agriculture

Govt initiates advance registration of farmers for procurement of pulses and onion for buffer

The government has initiated registration of farmers well in advance for procurement of kharif crops – onion, tur and urad aimed at building buffer stock and initiating market intervention programme, when prices fall sharply. Sources told FE that agencies such as farmers' cooperative Nafed and National Cooperative Consumers' Federation of India (NCCF) have urged farmers to register on the portal of the consumer affairs ministry prior to sowing of the kharif crops which is expected to commence next month.

<https://www.financialexpress.com/policy/economy-govt-initiates-advance-registration-of-farmers-for-procurement-of-pulses-and-onion-for-buffer-3489828/>

Darjeeling tea prices shoots up 10-15% this season

Blame it on climate change: prices of top-quality Darjeeling tea have shot up by 10-15% this season as a six-month-long dry spell in the otherwise mist-covered hills almost halved the crop size from last year. The unusually long period without rain hit production as well as the quality of the premium first flush teas that come to the market in April-May, tea planters said. "Tea estates have reported 40-50% drop in first flush teas, which is the biggest revenue earner for the Darjeeling tea industry," Girish Sarda, co-owner of the 92-year-old Darjeeling's Nathmulls Tea, said.

<https://economictimes.indiatimes.com/industry/cons-products/food/dry-spell-impact-darjeeling-tea-prices-shoots-up-10-15-this-season/articleshow/110187168.cms>

Infrastructure

India eyes more Chabahar-like pacts: Ports Minister Sarbananda Sonowal

India aims to replicate the Chabahar port model in other strategic locations in the region to gain access to more such assets, said Sarbananda Sonowal, Union Minister of Ports, Shipping and Waterways. India is actively exploring opportunities to enhance its maritime presence and trade connectivity, he said in an interview. Sonowal on Monday signed a 10-year pact with Iranian authorities for a longterm bilateral contract to operate Chabahar port. The project was first proposed during former Prime Minister Atal Bihari Vajpayee's regime. "India aims to replicate the Chabahar model in other strategic locations by adhering to similar principles such as identifying ports in regions that offer economic advantages, investing in the modernisation and development of port infrastructure," he told ET.

<https://economictimes.indiatimes.com/industry/transportation/shipping/-/transport/india-eyes-more-chabahar-like-pacts-ports-minister-sarbananda-sonowal/articleshow/110187093.cms>

Container volume likely to grow 8 pc to 342 million tonnes this fiscal: Report

Container volume is expected to grow by 8 per cent to 342 million tonnes this fiscal despite the risk of a prolonged Red Sea crisis, CareEdge Ratings said on Thursday. The slated connection of the dedicated freight corridor to Jawaharlal Nehru Port in FY26, along with capacity additions by ports, is expected to drive growth in container volume over the medium term, it added. Cargo at Indian ports is dominated by 3Cs -- crude oil (termed as Petroleum Oil Lubricants (POL), coal and containers. These three commodities represent 74-75 per cent of total cargo throughput handled by ports. Over the past 3 years ended FY24, POL witnessed a moderate CAGR of 4 per cent while coal and container volumes witnessed 13 per cent and 9 per cent growth, respectively, CareEdge Ratings said.

<https://economictimes.indiatimes.com/industry/transportation/shipping/-/transport/container-volume-likely-to-grow-8-pc-to-342-million-tonnes-this-fiscal-report/articleshow/110183717.cms>

International traffic expected to grow faster than domestic in FY25: ICRA

The international passenger traffic to and from India is expected to grow at a faster rate in 2024-25 than the domestic passenger traffic as airlines continue to improve connectivity to newer destinations, according to data released by rating agency ICRA on Thursday. While the domestic passenger traffic is expected to grow at 8-10 per cent year-on-year to 330-340 million, the international passenger traffic is likely to increase by 10-14 per cent year-on-year to 80 million, it mentioned.

https://www.business-standard.com/industry/news/international-traffic-expected-to-grow-faster-than-domestic-in-fy25-icra-124051601393_1.html

Average home prices in India up 10% in first quarter this year: Report

Average home prices in India's top eight cities increased 10 per cent in the January-March quarter compared to the same time last calendar year, said a report on Thursday. "The surge in housing prices is a direct consequence of the robust housing demand that we're witnessing, especially in premium and luxury housing, by homebuyers across the country," said Boman Irani, president of CREDAI National. He was referring to 'CREDAI – Colliers - Liasis Foras Housing Price-Tracker Report Q1 2024'.

https://www.business-standard.com/industry/news/average-home-prices-in-india-up-10-in-first-quarter-this-year-report-124051600448_1.html

Energy

India leader in Green Energy Affordability, says MNRE Secretary

New and renewable energy secretary Bhupinder Singh Bhalla reiterated India's position as a global leader in renewable energy affordability, emphasizing the nation's low cost of renewable energy. Bhalla highlighted India's integrated grid infrastructure as a key enabler for the seamless integration of renewable energy sources into the national energy mix while speaking at the World Hydrogen Summit 2024 in Rotterdam, Netherlands.

<https://economictimes.indiatimes.com/industry/renewables/india-leader-in-green-energy-affordability-says-mnre-secretary/articleshow/110187175.cms>

Govt extends oil exploration licensing bid deadline to July 15

The Centre extended for the second time the deadline for submitting bids in the latest auction of oil and gas exploration licences. The government initiated the ninth bidding round under the updated exploration policy on January 3, giving companies a deadline of February 29 to submit bids. The deadline was extended to May 15, which has now been further extended to July 15, showed information available on the website of Directorate General of Hydrocarbons (DGH), the oil ministry arm that auctions licences.

<https://economictimes.indiatimes.com/industry/energy/oil-gas/govt-extends-oil-exploration-licensing-bid-deadline-to-july-15/articleshow/110179761.cms>

Electioneering at its peak but diesel sales slide, petrol almost flat

India's diesel sales continued to slide in May while petrol consumption was almost flat despite election campaigns for the general elections hitting a peak, preliminary data of state-owned firms showed on Thursday. Electioneering for general elections traditionally has led to a surge in fuel demand as candidates extensively use automobiles to reach voters. But the trend in sales by PSUs so far does not reflect that.

<https://economictimes.indiatimes.com/industry/energy/oil-gas/electioneering-at-its-peak-but-diesel-sales-slide-petrol-almost-flat/articleshow/110187190.cms>

After rooftop scheme, plan in works to drive solar pumps

The government is looking to make solar agricultural pump installations under the PM-KUSUM scheme directly accessible to farmers by connecting them to vendors through a national portal, emulating the revamped solar rooftop scheme PM Suryaghar Muft Bijli Yojana. It will help farmers choose the kind of solar pumps they want and reduce the time taken for installations, said officials. "It is at the drawing board stage. We want to improve the implementation of some parts of the PM-KUSUM. It is caught up in a lot of tendering currently related delays," said one of the officials, who did not wish to be identified.

<https://economictimes.indiatimes.com/industry/renewables/after-rooftop-scheme-plan-in-works-to-drive-solar-pumps/articleshow/110186898.cms>

States

Odisha FPOs tap global markets with first export of mangoes, vegetables

In a significant boost to farm exports from Odisha, Farmer Producer Organisations (FPOs) in the state have marked their foray into the global markets with the first commercial shipment of fresh mangoes and vegetables. This feat was made possible through a strategic collaboration between the Agricultural and Processed Food Products Export Development Authority (APEDA), the state Directorate of Horticulture and Palladium which is the technical support unit for the 'Promotion and Stabilisation of Farmer Producer Organisations (PSFPO)' project.

https://www.business-standard.com/industry/news/odisha-fpos-tap-global-markets-with-first-export-of-mangoes-vegetables-124051600820_1.html

Healthcare

Diabetes to infections: NPPA slashes retail prices of 41 essential drugs

The National Pharmaceutical Pricing Authority (NPPA) has announced a lowering of retail prices for 41 essential drugs and revised ceiling rates of seven scheduled formulations. The decision to revise the prices of essential drug formulations was taken during the 143rd meeting of the NPPA, a regulatory body that sets pharmaceutical prices, on May 10. Prices have been slashed for drugs and formulations meant for diabetes, body pain, liver issues, antacids, infections and allergies, according to multiple notifications from the Department of Pharmaceuticals and the NPPA.

https://www.business-standard.com/industry/news/diabetes-to-infections-nppa-slashes-retail-prices-of-41-essential-drugs-124051601597_1.html

Set up system for reporting adverse events: Regulator to medical device companies

India's drug regulator has asked medical device manufacturers to establish a system for the timely identification and reporting of adverse events associated with their products available in the market. To ensure compliance of the Quality Management System, the Central Drugs Standard Control Organisation said, it is "imperative" that all medical device licence holders establish robust systems and processes for the timely identification, documentation, and reporting of adverse events associated with medical devices. It asked the manufacturers to do "timely reporting" of adverse events to the Materiovigilance Programme of India (MVPI).

<https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals/set-up-system-for-reporting-adverse-events-regulator-to-medical-device-companies/articleshow/110186953.cms>

External

Lower crude oil prices likely to tilt imports towards Iraq and UAE

Industry sources have said that crude oil purchases in the first quarter (April-June) of 2024-25 would remain tilted towards Russia if Brent crude prices remain above \$81 per barrel, officials at state-owned refiners said. However, it may swing towards crude from Iraq and the United Arab Emirates (UAE) if prices fall beyond that level, even if for a few days, they added.

https://www.business-standard.com/economy/news/lower-crude-oil-prices-likely-to-tilt-imports-towards-iraq-and-uae-124051601347_1.html

Gems, jewellery export down 11% in April on global turbulence

Gem and jewellery exports were down 11 per cent last month to \$2.07 billion (₹17,307 crore) against \$2.34 billion (₹19,198.4 crore) in the same period last year, largely due to global economic uncertainties and geo-political concerns. However, import of gem and jewellery was up four per cent at \$1.89 billion (\$1.82 billion), according to the Gem and Jewellery Export Promotion Council. Amid weak demand, cut and polished diamond exports declined 17 per cent to \$1.15 billion (\$1.39 billion). However, import of cut and polished diamond increased 19 per cent to \$88 million (\$74 million) raising concern of the industry that ranks top most in the cut and polish of rough diamonds.

<https://www.thehindubusinessline.com/markets/commodities/gems-jewellery-export-down-11-in-april-on-global-turbulence/article68182985.ece>

India's merchandise exports may grow to \$500-510 bn in FY25: FIEO

Merchandise exports from India may grow to \$500-510 billion in the current financial year (FY25) after witnessing a 3 per cent contraction in the last financial year (FY24), Federation of Indian Export Organisations (FIEO), the apex body for exporters, said on Thursday. Services exports could be worth \$390-400 billion, pushing the country's total exports to around \$890-910 billion, FIEO President Ashwani Kumar told reporters. This will be driven by sectors such as engineering, and advertising services, among others. Expansion of the global capability centre and their businesses are expected to further push exports. India's total exports stood at \$778 billion in FY24.

https://www.business-standard.com/economy/news/india-s-merchandise-exports-may-grow-to-500-510-bn-in-fy25-fieo-124051601306_1.html

Significant forward movement in India-UK FTA

Negotiators for the India-UK free trade agreement have made substantial progress and the work is on to resolve pending issues as early as possible, a senior official said Wednesday. Officials from both sides had met last month in London and chapterwise textual negotiations are nearly closed and schedules on goods and services are in an advanced stage of negotiations, he said. "Work is in progress on resolving pending issues."

<https://www.financialexpress.com/business/industry-significant-forward-movement-in-india-uk-fta-3489796/>