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Economy

India on cusp of long-awaited economic take-off: RBI monthly bulletin

India is on the cusp of long-awaited take-off on the back of rising aggregate demand, and non-food spending in rural economy, according to the Reserve Bank of India May Bulletin released on Tuesday. The outlook for the global economy is turning fragile as the descent of inflation is stalling, re-igniting risks to global financial stability, said an article on 'State of the Economy' published in the Bulletin.

https://www.business-standard.com/economy/news/india-on-cusp-of-long-awaited-economic-take-off-rbi-monthly-bulletin-124052101071_1.html

India's Q4 GDP growth projected at 6.7%, FY24 growth at 7.8%, says ICRA

Domestic rating agency ICRA on Tuesday projected India's GDP growth to moderate to a four quarter low of 6.7 per cent in March quarter of 2023-24 fiscal. For the full 2023-24 fiscal, ICRA estimates GDP growth to come in at 7.8 per cent. The Indian economy grew 8.2 per cent in the June quarter, 8.1 per cent in the September quarter and 8.4 per cent in the December quarter of 2023-24.

https://www.business-standard.com/economy/news/india-s-q4-gdp-growth-projected-at-6-7-fy24-growth-at-7-8-says-icra-124052100561_1.html

Private capex in India to pick up in H2 of FY25; hotel, tourism to drive investment: Kotak Bank Chief Economist

Private sector investment is likely to pick up in the second half of the current financial year in sectors like hotel and tourism, after years of government-led robust capex to promote infrastructure building, Kotak Mahindra Bank Chief Economist Upasna Bhardwaj said on Tuesday. The government has been pushing capital expenditure to promote economic growth. The push in expenditure has helped the country sustain the growth momentum in the aftermath of the Covid pandemic. The government's capex allocation has more than doubled from Rs 4.39 lakh crore in the 2020-21 fiscal, to Rs 11 lakh crore in 2024-25. "We are at the cusp of that (revival in private investment). Private sector capex I do expect to pick up but largely from second half (October-March) onwards," Bhardwaj told PTI Videos in an interview.

<https://economictimes.indiatimes.com/news/economy/indicators/private-capex-in-india-to-pick-up-in-h2-of-fy25-hotel-tourism-to-drive-investment-kotak-bank-chief-economist/articleshow/110303268.cms>

Base year for CPI may be changed to 2024

The government is planning to update the base year of the Consumer Price Index to 2024 from 2012 at present, and that of other macro-indicators such as the GDP, IIP and WPI to 2022-23, official sources privy to the matter told FE. The new base years are likely to come into effect from 2026, the sources said. "For the CPI, the new base year will come into effect from January 2026," a source said, while adding that the results of the Household Consumption Expenditure Survey (HCES) 2022-23 will be used to constitute the new CPI basket.

<https://www.financialexpress.com/policy/economy-baseyearforcpimaybechangedto2024-3495450/>

Finance

SEBI issues norms to manage pricing impact after cos verify rumours

The Securities and Exchange Board of India (SEBI) has come out with guidelines for calculating the "unaffected price" after a listed entity verifies market rumours. Listed entities are required to verify market rumours, upon material price movement. The unaffected price is to be considered by excluding the effect on the price of the equity shares of the listed entity due to the material price movement and confirmation of the rumour.

<https://www.thehindubusinessline.com/markets/sebi-issues-norms-to-manage-pricing-impact-after-cos-verify-rumours/article68200863.ece>

Household savings likely to rise in FY24, liabilities to moderate: CRISIL

Household savings are likely to rise in fiscal 2023-24, an arm of a domestic rating agency said on Tuesday. Crisil Market Intelligence and Analytics said there are "early indicators", which show that household savings would have revived in FY24, while growth in household liabilities would have moderated. "Proxy data suggest a rebound in the overall savings rate in FY24, with contribution from households," it said in a note, adding that household savings constitute 60 per cent of the total savings in the economy.

https://www.business-standard.com/economy/news/household-savings-likely-to-rise-in-fy24-liabilities-to-moderate-crisil-124052101230_1.html

Budget may be presented around July 10-12

As the general election are reaching the final phases, the ministries and departments of the Union government have begun the internal exercise to firm up the proposals and expenditure plans for the full Budget 2024-25, which is likely to be presented around July 10-12, sources told FE. In 2019, the budget was presented on July 5, a month and five days after Narendra Modi was sworn in on May 30. This time election results will be announced on June 4 and the swearing-in of the new government will likely happen before June 10.

<https://www.financialexpress.com/policy/economy-budget-may-be-presented-around-july-10-12-3495125/>

FinMin likely to raise FY25 CPSE dividend target by Rs 5K cr in full Budget

The finance ministry is likely to raise the CPSE dividend estimates by Rs 5,000 crore to around Rs 53,000 crore for the current fiscal in the full budget to be presented in July. In the interim budget 2024-25, the government had pegged dividend estimates from non-financial central public sector enterprises (CPSEs) at Rs 48,000 crore for the current fiscal. "The estimates may go up by about Rs 5,000 crore in the final budget to be presented in July," an official told PTI.

https://www.business-standard.com/finance/news/finmin-likely-to-raise-fy25-cpse-dividend-target-by-rs-5k-cr-in-full-budget-124052100468_1.html

Slow spending by India government may prompt more cash infusion

Spending by India's central government is likely to remain slower for a few more months, which may prompt more steps to infuse cash into the banking system, two sources familiar with the matter said on Tuesday. Over the past three weeks, the government has announced three buybacks of short-term securities along with a change in the planned treasury bill borrowings for the next six weeks.

<https://economictimes.indiatimes.com/news/economy/finance/slow-spending-by-india-government-may-prompt-more-cash-infusion/articleshow/110298747.cms>

IRDAI relaxes procedural norms on expense of management, share transfer

The Insurance Regulatory and Development Authority of India (IRDAI) has eliminated the requirement for insurance companies' boards to specify ceilings based on the absolute amount of commission in segments like group insurance. The regulator introduced changes through the Master Circular on Expenses of Management (EOM) and Commission Regulations 2024. The new circular has introduced several updates and clarifications, repealing the earlier one issued on March 31, 2023, allowing insurers more flexibility in managing commission structures. The IRDAI has specified that the new commission structure will not apply to policies already sold, ensuring that existing policyholders and their contracts remain unaffected by the changes.

<https://economictimes.indiatimes.com/industry/banking/finance/insure/irdai-relaxes-procedural-norms-on-expense-of-management-share-transfer/articleshow/110308235.cms>

Creditors recovered 2% of claims against personal guarantors till March

Creditors have recovered 2.16 per cent of their admitted claims amounting to Rs 102.78 crore so far from the insolvency resolution process for personal guarantors, latest data by the Insolvency and Bankruptcy Board of India (IBBI) shows. The personal guarantors insolvency resolution process, experts said, presents a crucial opportunity to balance debtor relief with creditor recovery, but its current trajectory leans too heavily towards debtor leniency.

https://www.business-standard.com/finance/news/creditors-recovered-2-of-claims-against-personal-guarantors-till-march-124052101110_1.html

Industry

Govt continues curbs on import of unregistered IT, electronic goods

The government continues imposing restrictions on importing unregistered information technology (IT) and electronics products, according to a commerce department notification dated May 20. It means imports of new, second-hand, or refurbished IT and electronic goods will be restricted unless they are registered with the Bureau of Indian Standards (BIS) and comply with its labeling requirements. The import policy has been notified under 'Electronics and Information Technology Goods (Requirement of Compulsory Registration Order), 2021.

https://www.business-standard.com/economy/news/govt-continues-curbs-on-import-of-unregistered-it-electronic-goods-124052100618_1.html

Govt rolls out mandatory quality norms for asbestos cement products

The government has issued mandatory quality norms for asbestos or fibre cement-based products to curb the import of sub-standard goods and boost domestic manufacturing. A notification 'Asbestos or Fibre Cement based Products (Quality Control) Order, 2024' was issued in this regard by the Department for Promotion of Industry and Internal Trade (DPIIT) on March 6 this year. Under these orders, items cannot be produced, sold, traded, imported and stocked unless they bear the Bureau of Indian Standards (BIS) mark.

https://www.business-standard.com/industry/news/govt-rolls-out-mandatory-quality-norms-for-asbestos-cement-products-124052101300_1.html

Intense heatwave leads to a surge in power demand; sales of ACs, coolers, beverages soar

The heatwave engulfing vast tracts in central and north India is about to intensify with the weather bureau forecasting another 2-3 degree Celsius rise in the coming days. The scorching temperatures have already pushed power demand to an all-time high with the sector of the industry basking in the spurt of sales of summer goods, ACs, coolers and beverages. At the same time, farmers are hopeful that the current spell of heatwave will lead to a better monsoon and crop yields.

<https://www.thehindubusinessline.com/economy/heatwave-push-all-time-high-power-demand-pick-up-in-sales-of-ac-coolers/article68200435.ece>

Need two more PLIs for wearables and components: MAIT

The Manufacturers' Association of Information Technology (MAIT), a key electronics hardware association, has urged the government to roll out two more production-linked incentive (PLI) schemes covering electronics components and wearables manufacturing. It has also called for tariff reforms and addressing visa issues of Chinese nationals ahead of the formation of the new government, post-elections. MAIT, which represents major electronics companies such as Dixon Technologies, Dell, HP, Google amongst others, said the industry would review existing PLI schemes over the next two months to examine how they have fared vs policy objectives.

<https://economictimes.indiatimes.com/news/economy/policy/need-two-more-plis-for-wearables-and-components-mait/articleshow/110312873.cms>

Support to three EV 2-wheeler makers may be restored

The Centre may restore financial support to electric two-wheeler makers Revolt Motors, Greaves Electric Mobility, and Amo Mobility under its Electric Mobility Promotion Scheme 2024 (EMPS 2024) but may bar others such as Hero Electric, Okinawa Autotech, and Benling India from all government schemes in future, an official said. The government after an initial probe into violation of vehicle localisation norms mandated under the Faster Adoption & Manufacturing of Electric Vehicles in India (FAME India) scheme issued notices for recovery of ₹469 crore subsidy distributed to these companies for sales made between 2020 to 2023.

<https://economictimes.indiatimes.com/industry/renewables/support-to-three-ev-2-wheeler-makers-may-be-restored/articleshow/110312663.cms>

Gold trade urges introduction of hallmarking for 9-Carat gold amid record prices

The gold trade has urged the Bureau of Indian Standards (BIS) to introduce hallmarking and Hallmarking Unique Identification (HUID) numbers for 9-carat gold as prices of the yellow metal along with silver have scaled an all-time high, becoming unaffordable for many. Currently, 14, 18 and 22 carat gold are hallmarked with an HUID number. Officials at India Bullion & Jewellers Association (IBJA), an apex trade body, met BIS executives on Tuesday to discuss the issue of hallmarking and HUID numbers.

<https://economictimes.indiatimes.com/industry/cons-products/fashion/-/cosmetics/-jewellery/gold-trade-urges-introduction-of-hallmarking-for-9-carat-gold-amid-record-prices/articleshow/110311877.cms>

Agriculture

Wheat processors calls for removal of import duty to ease supply shortage

The wheat processing industry has demanded the removal of 40% import duty on the food grain to improve supplies in the local market, as the government's procurement is lagging the target and since the carry-forward stock at the beginning of the fiscal was the lowest in 16 years. Scrapping of the duty will boost imports, help increase the buffer stock and reduce volatility in wheat prices, which are 15-20% higher compared with two years ago, they said. "The wheat stock had reached their lowest levels in 16 years on April 1. If we have enough stock in the central pool, it will help us reduce the volatility in wheat prices," said Navneet Chitlangia, vice-president of the Roller Flour Millers Association of India. Representatives of the association met the central government officials on Monday with a request to remove the import duty.

<https://economictimes.indiatimes.com/news/economy/agriculture/wheat-processors-calls-for-removal-of-import-duty-to-ease-supply-shortage/articleshow/110311987.cms>

Infrastructure

Baggage delivery time at 6 major airports improves significantly: MoCA

The baggage delivery time at Delhi, Mumbai and four other major airports has improved significantly in the last four months, with more than 90 per cent of the passengers getting their baggage arriving within 30 minutes of an aircraft landing, according to the civil aviation ministry. The ministry has also advised all domestic and international airlines operating at other airports to improve baggage delivery timings.

https://www.business-standard.com/industry/news/baggage-delivery-time-at-6-major-airports-improves-significantly-moca-124052100853_1.html

Revamping of BOT model is tactical move to attract private capex: Ind-Ra

India Ratings and Research (Ind-Ra) on Tuesday said the revamping of the built-operate-transfer (BOT) model is a tactical move to attract private capex, which is estimated to surpass Rs 1 trillion by 2030, as per the government. According to the rating agency, during the past seven years, the government has successfully rolled out about 400 Hybrid Annuity Model (HAM) road projects in India, worth over Rs 4 trillion. This approach has balanced risk appropriately between private and public partners, thereby boosting public-private partnership activity in the sector. Also, the government's enhanced focus on monetisation via the National Monetisation Pipeline (NMP) has attracted foreign investors, including various sovereign wealth funds and pension funds, it added.

<https://economictimes.indiatimes.com/news/economy/infrastructure/revamping-of-bot-model-is-tactical-move-to-attract-private-capex-ind-ra/articleshow/110301784.cms>

Energy

Govt asks state-run oil refiners, RIL to jointly negotiate Russia oil deal

India has made a rare request to its state-run oil refiners and private processor Reliance Industries Ltd. to jointly negotiate a long-term supply deal with Russia, according to people familiar with the matter. The government wants its refiners to lock in at least a third of their contracted supply from Russia at a fixed discount to help shield the nation's economy from volatile prices, the people said, asking not to be named due to the sensitivity of talks. The appeal to join forces was informal, they added.

https://www.business-standard.com/economy/news/govt-asks-state-run-oil-refiners-ril-to-jointly-negotiate-russia-oil-deal-124052100682_1.html

Coal stocks at power plants, pithead up a quarter on year

Coal stocks at pithead and on transit to thermal power plants stood at 147 million tonnes as on May 15, up 25% from 117 million tonnes during the corresponding period of last year, according to recent data from the coal ministry. Additionally, the end stock of coal at the country's thermal power plants stood at 45 million tonnes as against 34.83 million tonnes as on corresponding date of last year, registering an increase of 29%.

<https://www.financialexpress.com/business/industry-coal-stocks-at-power-plants-pithead-up-a-quarter-on-year-3495070/>

Bureau of Energy Efficiency plans norms to make more products energy efficient

The Bureau of Energy Efficiency (BEE) plans to introduce energy efficiency norms for a range of additional products such as electric irons, room heaters, LED battens and evaporator coolers, and launch them under the voluntary labelling scheme so that manufacturers can mention the energy-saving potential of the appliance for consumers to make an informed buying decision, said director general Abhay Bakre. The power ministry body, which works on improving energy efficiency of electronic products, also plans to revise the energy efficiency levels of ten existing star-rated products such as refrigerators, ceiling fans, room ACs and distribution transformers this year to push manufacturers to launch more energy-efficient products.

<https://economictimes.indiatimes.com/industry/energy/power/bureau-of-energy-efficiency-plans-norms-to-make-more-products-energy-efficient/articleshow/110312234.cms>

Telecom

Trai to announce stricter norms for call disruptions, video jitters on 5G

India's 5G services are expected to see strict benchmarks for call disruptions and interruptions in video streaming and calling, along with other critical metrics, in the forthcoming telecom regulations. The Telecom Regulatory Authority of India (Trai), having concluded consultations with telecom operators on this matter, is expected to announce the regulations governing the quality of 5G services within the next two months. The telecom regulator will also revise the current quality standards for 4G services, according to a report in the Financial Express.

https://www.business-standard.com/industry/news/trai-to-announce-stricter-norms-for-call-disruptions-video-jitters-on-5g-124052100463_1.html

States

Rajasthan govt to expedite auction of minor and major mine blocks

The Rajasthan government has decided to expedite delineation work for the auction of minor and major blocks in the state. "At the same time, we have decided to take strict steps to recover the penalty amount in cases of illegal mining activities," Mines Secretary Anandi said. To prevent illegal mining, the state will prioritise preparing and auctioning as many mining blocks as possible, she said. The department has already prepared a monthly road map from June.

https://www.business-standard.com/industry/news/rajasthan-govt-to-expedite-auction-of-minor-and-major-mine-blocks-124052100962_1.html

Telangana to have new industrial policy soon

The Telangana Chief Minister A Revanth Reddy while reviewing industrial growth in the State said policies should be formulated to compete with other countries in industrial development. The Chief Minister held a review with the officials of Telangana State Industrial Infrastructure Corporation and made suggestions for new industrial policy which is to be adopted for industrial growth in the State. Reddy advised the officials to formulate a new policy to benefit the power loom and Handloom workers to promote the textile industry in the State, according to an official release.

<https://www.thehindubusinessline.com/news/telangana-to-have-new-industrial-policy-soon/article68200507.ece>

Healthcare

Regulator asks state bodies to limit scope of key cancer drug

India's drug regulator has asked the state drug regulators to direct manufacturers of Olaparib tablets 100 mg and 150 mg to stop marketing of the cancer drug for the treatment of patients with "gBRCA mutation" (tumour suppressor genes) and advanced ovarian cancer who have been treated with three or more prior lines of chemotherapy. The development came after AstraZeneca Pharma India approached the drug regulator after an analysis "indicated a potential detrimental effect on overall survival for Olaparib compared to the chemotherapy control arm in the subgroup of patients who had received three or more prior lines of chemotherapy", said a letter by the Central Drugs Standard Control Organisation to state drug regulators dated May 16.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/healthcare/regulator-asks-state-bodies-to-limit-scope-of-key-cancer-drug/articleshow/110312729.cms>

External

Hope India-UK FTA not far away, says incoming FICCI UK Council chair

The proposed India-UK free trade agreement is hopefully not far on the horizon as it will offer immense opportunity to be leveraged within the bilateral partnership, said the new chair of a trade council that has played a key role in shaping the ongoing negotiations. UK-based tech professional Priya Guha, who invests in women-led innovation as Venture Partner of Merian Ventures, took over as chair of the Federation of Indian Chambers of Commerce and Industry (FICCI) UK Council from Baroness Usha Prashar at a hand-over ceremony at the High Commission of India in London on Monday evening.

https://www.business-standard.com/industry/news/hope-india-uk-fta-not-far-away-says-incoming-ficci-uk-council-chair-124052101491_1.html

Dairy product exports dip to \$468 m despite rise in volumes on lower prices

India's dairy exports for 2023-24 slid by a fifth to \$468 million despite a 10 per cent rise in volumes on account of lower prices of skimmed milk powder and other products. India's dairy exports stood at a record \$588.93 million in 2022-23. In volume terms, the exports of dairy products during 2023-24 stood at 1.73 lakh tonnes, up from previous year's 1.56 lakh tonnes.

<https://www.thehindubusinessline.com/economy/agri-business/dairy-product-exports-dip-to-468-m-despite-rise-in-volumes-on-lower-prices/article68200267.ece>