



May 24, 2024 – Friday

Economy

Flash composite PMI up at 61.7 in May, job creation strongest in 18 years

A sharp acceleration in the services sector has led to India's private sector activity gathering pace in May, posting the third strongest surge in 14 years. The month under discussion also saw the steepest increase in job creation since September 2006, according to a survey released by HSBC on Thursday. The headline flash composite PMI (Purchasing Managers' Index) rose to 61.7 compared with 61.5 in the previous month, the survey noted.

https://www.business-standard.com/economy/news/flash-composite-pmi-up-at-61-7-in-may-job-creation-strongest-in-18-years-124052300943_1.html

Govt should lower tax on recruitment agencies to help boost employment: ISF

India should consider lowering the 18% tax imposed on recruitment agencies for providing outsourced staff to big companies, an industry body said on Thursday, which could help boost employment and wages of contract workers. The Indian Staffing Federation (ISF), a body of 125 recruitment agencies which provided 1.6 million outsourced workers to companies last year, said the new government after the elections ending on June 1 should take steps to support the hiring of more salaried workers.

https://www.business-standard.com/economy/news/govt-should-lower-tax-on-recruitment-agencies-to-help-boost-employment-isf-124052301266_1.html

India to get rating support if it uses RBI dividend to reduce fiscal deficit: S&P analyst

India can get 'rating support' over time if it utilises the highest-ever dividend of over Rs 2 lakh crore received from the Reserve Bank to reduce fiscal deficit, said an S&P Global Rating analyst on Thursday. The RBI board has decided to pay a record Rs 2.1 lakh crore dividend to the government for the fiscal ended March 2024, more than double of what was budgeted expectation of Rs 1.02 lakh crore. "The additional dividends from the RBI are around 0.35 per cent of GDP. Whether it would support the narrowing of the fiscal deficit in fiscal 2024-25 would really depend on the final budget that would be passed after the June election results," S&P Global Ratings Analyst YeeFarn Phua told PTI.

<https://economictimes.indiatimes.com/news/economy/indicators/india-to-get-rating-support-if-it-uses-rbi-dividend-to-reduce-fiscal-deficit-sp-analyst/articleshow/110365211.cms>

Finance

SEBI moots relaxation in valuation norms for alternative investment fund

Capital markets regulator SEBI on Thursday proposed providing relaxation on the framework pertaining to valuation of investment portfolio of alternative investment fund (AIF).

<https://www.thehindubusinessline.com/news/sebi-moots-relaxation-in-valuation-norms-for-alternative-investment-fund/article68208695.ece>

PE/VC investments drop by 35% in April at \$4.4 bn

Investments by private equity and venture capital funds declined by 35 per cent to USD 4.4 billion in April compared with USD 6.8 billion in the year-ago period, a report said on Thursday. The number of deals in April stood at 98, which was 56 per cent higher than the year-ago period, the report by EY, a consultancy firm, and industry lobby grouping IVCA said.

<https://economictimes.indiatimes.com/news/economy/finance/pe/vc-investments-drop-by-35-in-april-at-4-4-bn/articleshow/110371699.cms>

Industry

Govt mulls incentives for heavy duty electric trucks to reduce diesel ones

The Centre is considering incentives for heavy commercial vehicles (HCVs) to aid the mining, steel, and cement industries in transitioning from carbon dioxide-emitting HCVs that run on diesel. The government is having consultations among various ministries to assess the demand and viability of such incentives, senior officials told Business Standard. "We are studying the viability and whether any subsidy is needed," said a senior official familiar with the development.

https://www.business-standard.com/industry/news/govt-mulls-incentives-for-heavy-duty-electric-trucks-to-reduce-diesel-ones-124052301243_1.html

Share of passenger vehicle output geared for export at 10-year low in 2023

The share of passenger vehicle (PV) exports relative to total production in India reached its lowest in a decade in 2023, notwithstanding the government's ambitions to transform the country into a global auto manufacturing hub, according to the latest data from BNP Paribas. India's share of production geared for export is the lowest in Asia, trailing South Korea, Thailand, Japan, and Indonesia.

https://www.business-standard.com/industry/auto/share-of-passenger-vehicle-output-geared-for-export-at-10-year-low-in-2023-124052301477_1.html

Demand for 3-5 years old used cars outpaces supply, drives prices north

A surge in demand for "young" pre-owned vehicles (3-5 years old) is outpacing supply and driving up prices by 8-10 per cent annually, said auto industry insiders. This trend, coupled with a growing preference for SUVs in both new and used car segments, is expected to boost the organised used car market, which is expected to reach a 45 per cent share within three years. According to the Indian Blue Book report by car&bike and Das WeltAuto, the current value of pre-owned car sales, standing at \$32.44 billion, is expected to more than double to \$73 billion by FY28. The growing demand for SUVs, which now comprise around 55 per cent of the new passenger vehicle market in India, is mirrored in the used car segment. This shift is contributing to the overall expansion of the organised used car market.

https://www.business-standard.com/industry/auto/demand-for-3-5-years-old-used-cars-outpaces-supply-drives-prices-north-124052301254_1.html

FMCG giants pivot to premium: Nestle & ITC lead with innovative strategies

For the first time, packaged foods maker Nestle India plans to hire tasters and connoisseurs of premium foods for its soon-to-be-launched super-premium Nespresso coffee and boutiques. "The marketing thinking is very different. For example, the investment in a boutique would run into at least a couple of crores. So, the marketing of the brand, its positioning, advertising support and events have to be very different," said Suresh Narayanan, chairman of Nestle India. ITC, on the other hand, is turning to artificial intelligence (AI) and machine learning (ML) to predict demand and consumer trends in retail stores and supply chains, and recommendations for packs best suited for a particular store, for its premium portfolio which includes Fabelle chocolates, skincare, and deodorants.

<https://economictimes.indiatimes.com/industry/cons-products/fmcg/fmcg-giants-pivot-to-premium-nestle-itc-lead-with-innovative-strategies/articleshow/110373691.cms>

Hiring for new roles to take 27% effort of HR professionals in FY25: Report

Recruitment activities are expected to be focused on filling new positions in 2024-25 as hiring for fresh openings will make up 27 per cent of talent hunting efforts of employers across sectors, a report said on Thursday. Hiring for replacements for existing positions will take at least 23 per cent of recruitment efforts in the current fiscal, said

staffing solutions and HR services provider Genius Consultants' Hiring, Compensation, and Attrition Management report.

https://www.business-standard.com/industry/news/hiring-for-new-roles-to-take-27-effort-of-hr-professionals-in-fy25-report-124052301168_1.html

Agriculture

Govt plans large scale radiation processing of onions to prevent shortages

The government is planning to significantly ramp up the radiation processing of onions to create a buffer stock of 1,00,000 tonnes this year, as it aims to prevent shortages and price rises of the politically sensitive bulb, according to a top government official. The world's biggest exporter of onions is expected to see output fall by 16 per cent to 25.47 million tonnes in 2023-24 amid lower yields in key growing states of Maharashtra, Karnataka and Andhra Pradesh, according to government estimates.

https://www.business-standard.com/economy/news/govt-plans-large-scale-radiation-processing-of-onions-to-prevent-shortages-124052300763_1.html

Trade volume of Indian FPOs on e-NAM doubled in FY24; growth likely to sustain

The Indian government's electronic-National Agriculture Market (e-NAM) platform has captured the attention of the farmer producer organisations (FPOs) particularly after a separate module was launched to exclusively facilitate their trade. As a result, the traded volume increased to about 42,875 tonnes during the 2023-24 fiscal, nearly double from about 21,540 tonnes in 2023-23.

<https://www.thehindubusinessline.com/economy/agri-business/trade-volume-of-indian-fpos-on-e-nam-doubled-in-fy24-growth-likely-to-sustain/article68208277.ece>

Indian agro-chem industry poised for robust rebound; to touch \$14.5 b by FY28, says report

Despite witnessing a minor downturn during FY24, the Indian agrochemical industry is poised for a robust rebound with a projected compounded annual growth rate (CAGR) of 9 per cent on strong exports and steady domestic demand, a report said.

<https://www.thehindubusinessline.com/economy/agri-business/indian-agro-chem-industry-poised-for-robust-rebound-to-touch-145-b-by-fy28-says-report/article68208126.ece>

Infrastructure

Signs of stress in Hybrid Annuity Model road projects: India Ratings

Highway projects, especially those awarded under the National Highways Authority of India's (NHAI) annual payments model Hybrid Annuity Model (HAM), could see stress going forward with some developers struggling to achieve financial closure and authorities facing delays in land acquisition, Fitch Group's India Ratings and Research said on Thursday. "Certain pockets in the sector have had excessive competition in the past. We have seen that small and medium-sized players have largely been able to execute projects, but newer sponsors could face issues. We have seen that some HAM projects have undergone substitution," Vishal Kotecha, director and head at India Ratings and Research, told Business Standard.

https://www.business-standard.com/economy/news/signs-of-stress-in-hybrid-annuity-model-road-projects-india-ratings-124052301383_1.html

NHAI's road assets monetisation can fetch up to Rs 60,000 cr FY25: ICRA

Rating agency ICRA on Thursday said state-owned NHAI's targeted asset monetisation of road assets could fetch the government up to Rs 60,000 crore in the current fiscal year. In April 2024, the National Highways Authority of India (NHAI) had released an indicative list of 33 road assets it plans to monetise in FY2025, through a mix of toll-operate-transfer (TOT) and sale to the NHAI's Infrastructure Investment Trust (InvIT). These assets are spread across 12 states, cumulatively spanning nearly 2,750 km and with an annual toll collection of Rs 4,931 crore.

https://www.business-standard.com/economy/news/nhai-s-road-assets-monetisation-can-fetch-up-to-rs-60-000-cr-fy25-icra-124052300927_1.html

Road transport fleet operators revenue to grow at 9-11% in FY25: CRISIL

Revenue growth of road transport fleet operators is expected to double to 9-11 per cent this fiscal, riding on better domestic demand amid tepid exports, CRISIL Ratings said on Thursday. It further said operating margin is seen improving 75-100 basis points on better fleet utilisation and steady fuel costs. According to the rating agency, the credit profile of operators should remain strong as well, as they may look to moderate capital expenditure (capex) towards fleet expansion, following strong additions in the past three fiscal years, as new guidelines for air-conditioned driver cabins kick in the next fiscal year.

https://www.business-standard.com/industry/news/road-transport-fleet-operators-revenue-to-grow-at-9-11-in-fy25-crisil-124052300856_1.html

Ind-Ra expects stable operating performance for most infra projects in FY25

India Ratings and Research (Ind-Ra) expects stable operating performance for most infrastructure projects in the current financial year. The rating agency on Thursday maintained its stable outlook on the infrastructure sector, including the transport segment which signifies low chances of rating changes for the sector in the near to medium term. The rating agency assigned a positive outlook on the airport segment which means there are high chances of rating upgrades in the near to medium term.

https://www.business-standard.com/economy/news/ind-ra-expects-stable-operating-performance-for-most-infra-projects-in-fy25-124052301024_1.html

Energy

Peak power demand hits season's high of 235 GW on Wednesday amid heat wave

India's peak power demand hit the season's high of 235.06 GW on Wednesday mainly due to excessive use of cooling appliances like air conditioners and coolers amid severe heat waves in most parts of the country. According to the power ministry data, the peak power demand met or the highest supply in the day is recorded at 235.06 GW on Wednesday, which is the maximum so far in the summer season this year.

https://www.business-standard.com/economy/news/peak-power-demand-hits-season-s-high-of-235-gw-on-wednesday-amid-heat-wave-124052300839_1.html

Telecom

DoT asks operators to re-verify over 600,000 mobile connections in 60 days

The Department of Telecom has directed telecom operators to verify more than 6 lakh mobile connections suspected to have been obtained using invalid, non-existent, or fake documents, an official statement said on Thursday. The DoT has issued directives to telecom operators to carry out immediate re-verification of the identified mobile numbers within 60 days.

https://www.business-standard.com/industry/news/dot-asks-operators-to-re-verify-over-600-000-mobile-connections-in-60-days-124052301389_1.html

Govt working to block international spoof calls duping Indians

The Indian Cyber Crime Coordination Centre (I4C) and the Department of Telecom (DoT) are working to block spoof calls originating from outside India and claiming digital arrests by law enforcement agencies such as the Narcotics Control Bureau (NCB) or Central Bureau of Investigation (CBI), among others. Alternatively, the I4C is working with Microsoft to stop the misuse of logos of the enforcement agencies which are frequently used by scamsters based abroad to extort money from Indians. According to I4C CEO, Rajesh Kumar, many cases have come to light in which the caller, claiming to be from the police or law enforcement agencies, claims digital arrest and extorts money.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/govt-working-to-block-international-spoof-calls-duping-indians/articleshow/110372916.cms>

External

Leather exporters seek national policy to attract investments, create jobs

Apex body for leather and footwear exporters CLE has asked the government to formulate a national policy for the sector with a view to attract investments, boost India's shipments and create jobs. In a letter to Niti Aayog CEO BVR Subrahmanyam, Council for Leather Exports (CLE) said that though there are schemes and support measures at central and state levels, there is a need for holistic development of the entire sector through a national policy.

https://www.business-standard.com/industry/news/leather-exporters-seek-national-policy-to-attract-investments-create-jobs-124052300902_1.html