



May 28, 2024 – Tuesday

Economy

Above normal rainfall likely this monsoon; to boost economic growth: IMD

India is likely to receive above average monsoon rains this year, the weather office said on Monday, retaining its April forecast. Above average rains will help India, which depends heavily on the summer rains for its farm output, boost agriculture and overall economic growth. The India Meteorological Department (IMD) said India likely to experience normal rainfall (92-108 per cent of long period average of 166.9 mm) in June. Barring a few parts of southern peninsular India, normal to above-normal maximum temperatures expected in country in June, it said.

https://www.business-standard.com/india-news/above-normal-rainfall-likely-this-monsoon-to-boost-economic-growth-imd-124052700987_1.html

Sustained fiscal deficit reduction positive for India's ratings: Fitch

Sustained fiscal deficit reduction, particularly if underpinned by durable revenue-raising reforms, would be positive for India's sovereign ratings fundamentals over the medium term, Fitch Ratings said on Monday. The rating agency's statement comes in the backdrop of the recent larger-than-expected Reserve Bank of India (RBI) dividend of Rs 2.1 trillion to the Centre.

https://www.business-standard.com/economy/news/sustained-fiscal-deficit-reduction-positive-for-india-s-ratings-fitch-124052700884_1.html

India's economic momentum to remain strong post-election: S&P Global Market Intelligence

The Indian government's capital spending, recovery in private consumption and investment are expected to help carry forward the economic momentum post-elections, S&P Global Market Intelligence said Monday. The global research firm further noted that policy focus will likely remain on strategic sectors, like renewables, electronics, textiles, digital infrastructure, logistics, food production and services. "These sectors drive Indian macroeconomic stability and growth, are of relevance to climate policy and energy transition, and support domestic employment. The parties also widely consider further development of these sectors to be beneficial for India's foreign policy objectives," it said.

<https://economictimes.indiatimes.com/news/economy/indicators/indias-economic-momentum-to-remain-strong-post-election-sp-global-market-intelligence/articleshow/110459378.cms>

Finance

Govt saved over Rs 25,500 crore through SNA and TSA systems: FM Sitharaman

The government has so far achieved savings of more than Rs 25,500 crore through the treasury savings account (TSA) and the single nodal agency (SNA) bank accounts, Finance Minister Nirmala Sitharaman said on Monday. In a series of tweets on social media platform X, Sitharaman listed out the improvements brought in the finance ministry's Budget exercise and expenditure management over the past 10 years.

https://www.business-standard.com/economy/news/govt-saved-over-rs-25-500-crore-through-sna-and-tsa-systems-fm-sitharaman-124052701231_1.html

LIC thinking of diving into health insurance pool, eyeing acquisitions

The government-owned Life Insurance Corporation (LIC) is contemplating a foray into the health insurance sector and is currently assessing potential acquisition prospects, reported The Times of India quoting LIC chairman Siddhartha Mohanty. The move comes amid a proposal to allow composite insurance companies in the sector. "There is an expectation that composite licences may be permitted by the new govt, and we have done some internal groundwork. While we lack expertise in general insurance, we are interested in health insurance and are also considering opportunities for inorganic growth," said LIC chairman Siddhartha Mohanty.

<https://economictimes.indiatimes.com/industry/banking/finance/insure/lic-mulls-entering-health-insurance-explores-acquisition-opportunities/articleshow/110480505.cms>

General insurers expect premium income growth of 32% to Rs 3.7 trn by FY26

The general insurance industry is expected to earn a gross direct premium income (GDPI) of Rs 3.7 lakh crore by FY26, an increase of 32 per cent from Rs 2.8 lakh crore in FY24, a report said. While the growth for private insurers is expected to remain strong and that of PSU insurers is likely to remain moderate because of the weak capital position, ICRA said in a report.

https://www.business-standard.com/industry/news/general-insurers-expect-premium-income-growth-of-32-to-rs-3-7-trn-by-fy26-124052701168_1.html

RBI's notification on partly-paid AIF units puts industry in a bind

Foreign portfolio investors (FPIs) are in a bind after a recent notification by the Reserve Bank of India (RBI) that aims to regularise the issuance of partly-paid units by alternative investment funds (AIFs). While the central bank's move paves the way to issue these units, industry players fear they may face penal action for outstanding issuances made.

https://www.business-standard.com/finance/news/rbi-s-notification-on-partly-paid-aif-units-puts-industry-in-a-bind-124052701121_1.html

IBC recoveries down even as resolutions soar in FY24

Recovery from defaulters under the Insolvency and Bankruptcy Code (IBC) decreased in 2023-24 from a year before, although 42% more cases saw resolution during the financial year, showed data compiled by the regulator. The realisation for creditors from the resolution of stressed companies during the fiscal went down to ₹47,653 crore from ₹55,449 crore in 2022-23, according to the Insolvency and Bankruptcy Board of India data. This happened even as a record 269 stressed firms saw resolution under the IBC in 2023-24, against 189 in the previous year.

<https://economictimes.indiatimes.com/news/economy/finance/ibc-recoveries-down-even-as-resolutions-soar-in-fy24/articleshow/110474610.cms>

Dividend income fuels surge in personal income tax: Motilal Oswal report

A recent report by Motilal Oswal has highlighted that taxes on dividend income have significantly contributed to the surge in personal income tax (PIT) over the past four years. According to the report, this shift accounts for 60-65% of the growth in PIT, despite a moderation in personal disposable income growth, reported TOI. The report indicates that the growth in PIT has been robust, increasing at a compounded rate of 20% during FY21-24. By FY24, PIT reached 3.5% of GDP, up from 2.5% in the pre-pandemic period. In contrast, personal disposable income and GDP have grown at a more modest rate of less than 10%.

<https://economictimes.indiatimes.com/news/economy/finance/dividend-income-fuels-surge-in-personal-income-tax-motilal-oswal-report/articleshow/110467982.cms>

Industry

Fresh dietary guidelines try to hit sweet spot

Thresholds for sugar content in packaged foods and beverages have been recommended for the first time by the National Institute of Nutrition (NIN), which works with the health ministry-backed Indian Council of Medical Research (ICMR). The move could potentially impact most branded soft drinks, juices, cookies, ice-creams, cereals and other items available online and on shelves.

<https://economictimes.indiatimes.com/industry/cons-products/food/cheeni-kum-fresh-dietary-guidelines-try-to-hit-sweet-spot/articleshow/110475522.cms>

Cheaper 5G phones chip away at average prices

New Delhi: Influx of affordable 5G handsets weighed on average smartphone prices in India in the quarter ended March, halting a price surge after 12 quarters. Average selling prices (ASP), an indicator of how much people are paying for their handsets on average, were flat sequentially in the first quarter at \$263, said market research firm IDC India. This follows a double-digit rise in ASPs over the last three years amid a growing appetite for higher-priced handsets since the pandemic. Flat ASP in the March quarter was largely due to a 22% on-year rise in shipments of mass budget phones priced at \$100-200 at 16.3 million units, compared with 13.4 million units a year earlier, marking a resurgence from previous quarters.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/cheaper-5g-phones-chip-away-at-average-prices/articleshow/110475582.cms>

Agriculture

Sticky inflation: Govt to assess rice output, consumption

With inflation in rice ruling in the double digits since October, 2022 despite the government having a huge surplus stock and restrictions imposed on exports, the food ministry has started a comprehensive assessment to map consumption and production patterns of various high value non-basmati rice varieties in the country. Officials said that the assessment is expected to identify gaps in demand and supply of various non-basmati white rice varieties such as Sona Masuri, Ponni etc which are not supplied under free ration scheme – Pradhan Mantri Garib Kalyana Anna Yojana (PMGKAY).

<https://www.financialexpress.com/policy/economy-sticky-inflation-govt-to-assess-rice-output-consumption-3502225/>

Indian government fixes record 447 lakh tonnes target for oilseeds production in 2024-25

Amid a thrust on making the country self-sufficient in edible oils, the government has fixed a 447.5 lakh tonnes (lt) record target of oilseeds production for the 2024-25 crop year (July-June). However, the focus has remained confined to top producing States whereas experts suggest area expansion in non-traditional States to raise production.

<https://www.thehindubusinessline.com/economy/agri-business/indian-government-fixes-record-447-lakh-tonnes-target-for-oilseeds-production-in-2024-25/article68221960.ece>

Infrastructure

More than 5.3 lakh homes set to be delivered in 2024, highest in a decade

Over 5.3 lakh homes are expected to be delivered in 2024, marking the highest number in a decade, attributed to Covid-19-related delays and projects revived through the government-backed SWAMIH fund, to be completed and handed over to buyers this year. According to the National Real Estate Development Corporation (NAREDCO) nearly 4.35 lakh units were completed in the top 7 cities in 2023, with expectations of a significant increase this year. Anarock's data indicates that at least 44% more units were completed in 2022 compared to 2021, and the number has been on the rise since. Noida-based real estate developer County Group said it will deliver over 4 million sq ft across three housing projects in 2024, overcoming the challenges faced during the pandemic.

<https://economictimes.indiatimes.com/industry/services/property/-cstruction/more-than-5-3-lakh-homes-set-to-be-delivered-in-2024-highest-in-a-decade/articleshow/110483278.cms>

Energy

ONGC's high investments to delay deleveraging: S&P

A step-up in investments at Oil and Natural Gas Corp (ONGC) will slow down its deleveraging over the next 12-24 months, eroding headroom for the state-owned firm's 'bbb+' standalone credit profile, S&P Global Ratings said on Monday. Stating that ONGC's financial results for the fiscal year ended on March 31, 2024, were in line with expectations, S&P said despite a decline of 2-3 per cent in the company's domestic oil and gas production volumes and lower realizations in fiscal 2024, EBITDA grew to Rs 1.1 lakh crore from Rs 93,600 crore in fiscal 2023.

<https://www.financialexpress.com/business/industry/ongcs-high-investments-to-delay-deleveraging-sampp/3503367/>

India's robust LNG imports standout in Asia, higher prices concern looms

Asia's imports of liquefied natural gas (LNG) are displaying contrasting dynamics in May, with strength in usually price-sensitive buyers like India, but a softer trend in the developed economies such as Japan and South Korea. The top-importing continent is on track to receive about 23.61 million metric tonnes of the super-chilled fuel this month, according to data compiled by commodity analysts Kpler.

https://www.business-standard.com/economy/news/india-s-robust-lng-imports-standout-in-asia-higher-prices-concern-looms-124052700280_1.html

Govt offers two discovered oil and gas fields in special bidding round

The government has offered two discovered oil and gas fields in Mumbai offshore and a coal bed methane field in West Bengal for bidding in the latest Discovered Small Fields (DSF) bid round, regulator DGH said on Monday. In a notice on its website, the Directorate General of Hydrocarbons (DGH) said, notice inviting offer will be launched on May 28 and bids will close on July 15.

https://www.business-standard.com/industry/news/govt-offers-two-discovered-oil-and-gas-fields-in-special-bidding-round-124052701145_1.html

Telecom

'Telcos will pay GST along with instalments towards spectrum charges'

Telecom companies will have to pay GST along with the instalments paid towards spectrum charges, a senior official said. The Department of Telecom (DoT) will hold the next round of spectrum auction on June 6 for eight spectrum bands meant for mobile phone services. The base price for the auction has been set at Rs 96,317 crore.

https://www.business-standard.com/industry/news/telcos-will-pay-gst-along-with-instalments-towards-spectrum-charges-124052700877_1.html

Govt blacklists 8 principal entities in fresh strike down on SMS scammers

The government has blacklisted eight principal entities that have sent 10,000 fraudulent messages to mobile users in last three months. Besides, 73 SMS headers and 1,522 content templates owned by these principal entities have also been blacklisted. The Department of Telecommunications (DoT), in collaboration with the ministry of home affairs (MHA), has taken this decisive action to protect citizens from potential SMS fraud through the Sanchar Saathi initiative, the government said in a statement Monday.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/principal-entities-blacklisted-for-sending-fraud-messages/articleshow/110467290.cms>

Healthcare

US drug shortages to boost revenues of Indian drug makers in FY25

Even as US drug shortages hit a decade-high of 323 drugs across 22 therapies in the January-March quarter of calendar year 2024 (CY24), analysts feel this presents an opportunity for Indian pharmaceutical (pharma) exporters. US active drug shortages have further increased, after stabilising at 300-310 drugs in calendar year 2023, to 323 drugs in the first quarter (Q1) of CY24, according to American Society of Health-System Pharmacists data, said IIFL Securities.

https://www.business-standard.com/industry/news/us-drug-shortages-to-boost-revenues-of-indian-drug-makers-in-fy25-124052701275_1.html

Panel to examine if nutraceuticals can be produced within drug unit

A five-member expert committee will examine if manufacturing of nutraceuticals should be allowed within drug manufacturing facilities. India's drug regulator had said earlier that action will be taken against those flouting norms by manufacturing supplements and drugs in the same facility. However, following objections raised by various

pharma lobbies, the drug regulator has formed a committee that will give its recommendations within three weeks on the issue.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals/panel-to-examine-if-nutraceuticals-can-be-produced-within-drug-unit/articleshow/110474941.cms>

External

Exports of marine products contract 9% to \$7.3 bn in 2023-24 on slow demand

Exports of marine products contracted by 8.74 per cent to \$7.37 billion during 2023-24 due to demand slowdown in key markets of the US and Europe, according to the commerce ministry data. Indian exporters, however, expressed confidence that in 2024-25, marine exports would register a healthy growth as they are getting good orders. The shipments stood at \$8 billion in 2022-23, the data showed. According to exporters, demand slowdown, high inflation in developed economies and increasing exports of frozen shrimp from Ecuador to America are some of the reasons for dip in India's exports last fiscal.

https://www.business-standard.com/industry/news/exports-of-marine-products-contract-9-to-7-3-bn-in-2023-24-on-slow-demand-124052701207_1.html

Gems, jewellery and textiles sectors seek sops from Rajasthan govt

The Akhil Bhartiya Trade and Industry Association (Artia), a Rajasthan-based trade body, has expressed concern over the declining exports of gems, jewellery and textiles. It has requested the central and state governments to pay special attention to the issue. The jewellers in Jaipur, which is one of the big markets for gems and jewellery exports, have asked the state and Union governments to provide sops to boost exports.

https://www.business-standard.com/industry/news/gems-jewellery-and-textiles-sectors-seek-sops-from-rajasthan-govt-124052700840_1.html

India's engineering exports to Russia surge amid Ukraine conflict but sanctions remain a concern

Russia's ongoing conflict with Ukraine and the resulting international sanctions have significantly impacted India's export landscape. Over the past financial year, India saw a substantial increase in the export of engineering goods, machinery, machine parts, and aircraft spares to Russia, while traditional exports such as pharmaceuticals, tea, coffee, and tobacco either stagnated or declined, reported TOI. Despite the growing interest from Russia to import Indian goods, exporters face challenges due to the fear of sanctions and the reluctance of banks to process transactions. Industry experts suggest that some goods destined for Russia may be rerouted through the UAE, which has benefited from the geopolitical tensions between Ukraine and Russia.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/indias-engineering-exports-to-russia-surge-amid-ukraine-conflict-but-sanctions-remain-a-concern/articleshow/110467494.cms>

India's \$48 bn input subsidy for power and agri raises hackles

The US, EU, UK and Australia, along with four others, raised concerns at India's input subsidies for power, irrigation and fertilisers reaching \$48 billion in 2022-2023. The US said at a meeting at the World Trade Organization (WTO) last week that this was more than twice the value of all tradedistorting support that it had notified in 2021-22 and called for greater transparency from India. Input subsidies available to low-income or resource-poor producers in the country amounted to \$32 billion in 2021-22. As per the Agriculture Census for 2015-16, 99.43% of farm holdings in the country are of low-income or resource poor farmers.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/indias-48-bn-input-subsidy-for-power-and-agri-raises-hackles/articleshow/110474015.cms>