



May 29, 2024 – Wednesday

Economy

New non-farm jobs in Q2FY23: Higher than Q1 but below Omicron-hit Q4FY22

Fresh job creation in the nine major non-farm sectors recovered sequentially in the September quarter of FY23 but remained below new job additions during the Omicron-hit March quarter of FY22, according to latest government data. However, during the first half (April-September) of FY23, the number of new hirings more than halved to 331,221 compared to H2 of FY22 at 740,415. The Labour Bureau on Tuesday released the Quarterly Employment Survey (QES) results for the fifth and sixth rounds, pertaining to Q1 and Q2 of FY23 after a gap of nearly 20 months. https://www.business-standard.com/economy/news/job-creation-in-non-farm-sectors-recovers-sequentially-in-q2-fy23-124052801893_1.html

Indian economy grew 7.4% in Q4 FY24; 8% in FY24: SBI Research

Indian economy is expected to surprise in the fourth quarter of FY24 with 7.4% growth, pushing full year estimate to 8%, State Bank of India research said Tuesday. The Indian economy averaged 8.2% growth in the first three quarters of the year. The full year number at 7.6%, pegs Q4 growth at 5.7%. “The in-house developed SBI Artificial Neural Network (ANN) model with 30 high frequency indicators points to the quarterly GDP growth for the Q4 FY24 to have a reading of 7.4%,” it said. SBI noted that the growth in rural economy was picking up faster. <https://economictimes.indiatimes.com/news/economy/indicators/projected-recovery-in-global-economy-will-boost-indias-growth-fy24-gdp-likely-to-reach-8-pc-sbi-research/articleshow/110502751.cms>

Employers taking measures to promote diversity, gender parity, says report

A significant percentage of employers in India are taking active measures to promote diversity and gender parity through progressive policies, upskilling, and flexibility and have realigned their hiring strategies by mandating women hiring at every level across sectors, says a report. According to New research conducted by ManpowerGroup India, 54 per cent of employers in India expressed optimism on their company's Diversity, Equity, Inclusion and Belonging (DEIB) initiatives being on track in increasing women participation at different levels, way above the global average of 46 per cent. https://www.business-standard.com/industry/news/employers-taking-measures-to-promote-diversity-gender-parity-says-report-124052800363_1.html

Finance

Credit costs expected to increase if RBI's proposed norms for projects under construction implemented

Credit costs are expected to moderately increase impacting profitability and loss of accounts for banks if the Reserve Bank of India's proposed provisioning norms for projects under construction are implemented. The impact of incremental provisioning for public banks would be 0.2% and 0.1% on private banks between FY25 and FY27, said a report by CareEdge Ratings. <https://economictimes.indiatimes.com/industry/banking/finance/banking/proposed-rbi-norms-may-impact-bank-profitability-and-account-retention/articleshow/110501818.cms>

Bank credit growth rate expected to moderate: Crisil

Bank credit growth rate is expected to moderate as high base effect, slower rate of economic growth, and higher capital requirements could temper demand, said a report by Crisil Ratings. The overall bank credit growth rate is expected to decline by 200 basis points to 14% from 16 percent. A basis point is 0.01 percentage point. Corporate credit, the largest segment, will be supported by capacity expansion, while retail credit will grow the fastest, the report said.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/bank-credit-growth-rate-expected-to-moderate-crisil/articleshow/110502429.cms>

India likely to cut borrowing on narrow spending window

India may cut its borrowings this year as the ongoing national elections narrow the government's spending window by about three months, according to Mirae Asset Investment Managers India Pvt. "We have nine months of spending this fiscal year because of elections," and "there could be a slight cut," Kruti Chheta, a fixed-income fund manager at Mirae, said on Bloomberg Television. "These borrowings could be added to the next fiscal year."

<https://economictimes.indiatimes.com/news/economy/policy/india-likely-to-cut-borrowing-on-narrow-spending-window/articleshow/110493133.cms>

GST Council's fitment committee likely to consider dropping 12% slab

The fitment committee under the Goods and Services Tax (GST) Council, comprising central and state officials, has begun a rate rationalisation exercise afresh, checking the possibility of dropping some of the rates, particularly the 12 per cent slab, to achieve a revenue-neutral structure, a senior official with direct knowledge of the matter told Business Standard. The GST regime could see an overhaul in the current financial year (FY25) as it may move to a three-slab structure from the existing four.

https://www.business-standard.com/economy/news/gst-rate-rejig-fitment-panel-began-rate-rationalisation-exercise-124052801785_1.html

Industry

FAME 3 likely to be rolled out soon with Rs 10,000 cr outlay, with support for hybrids but not e-cars

The third edition of the Modi government's flagship electric vehicle incentive scheme FAME (Faster Adoption and Manufacturing of Electric Vehicles) with an outlay of about Rs 10,000 crore is likely to be rolled out within the first 100 days of the new government taking charge next month, a senior official said. The scheme will offer financial incentives to electric two-wheelers and three-wheelers as well as government-owned buses, the official told ET.

<https://economictimes.indiatimes.com/industry/renewables/fame-3-likely-to-be-rolled-out-soon-with-rs-10000-cr-outlay-with-support-for-hybrids-but-not-e-cars/articleshow/110504054.cms>

DGFT puts on hold on changes in maximum permissible wastage norms for gold, platinum, & silver content

The Directorate General of Foreign (DGFT) has put on hold its recent decision on changes in maximum permissible wastage norms for gold, platinum, and silver content in jewellery exports, according to a media release issued by Gem & Jewellery Export Promotion Council (GJEPC) on Tuesday. In a virtual meeting on 28th May GJEPC urged DGFT for a balanced approach that enables minimal disruption to exports and considers both efficiency and the livelihoods of millions associated with the trade. In the meeting, GJEPC informed DGFT officials that the revised norms would have a disproportionate impact on the small and medium-sized enterprises (MSMEs), which represent 85% of all exporters.

<https://economictimes.indiatimes.com/industry/cons-products/fashion/-/cosmetics/-/jewellery/jewellery-exports-dgft-puts-on-hold-on-changes-in-maximum-permissible-wastage-norms-for-gold-platinum-silver-content/articleshow/110504512.cms>

CRISIL SME Tracker: Higher demand, PLI to propel electronics MSMEs in FY25

Domestic consumption of electronics items is estimated to have grown 13-15 per cent to Rs 14-15 trillion in the financial year ended March 31, 2024 (FY24), with mobile phones and consumer and industrial electronics accounting for 50-55 per cent of the pie. Various factors contributed to the growth, such as increasing penetration of internet

and 5G services, rising consumer income, shorter replacement cycles, easier payment terms, and developments in the auto, electric vehicle, and power segments.

https://www.business-standard.com/industry/news/crisil-sme-tracker-higher-demand-pli-to-propel-electronics-msmes-in-fy25-124052801990_1.html

Agriculture

June sugar quota higher by 8.5% y-o-y as prices stay firm amid heat waves

The central government announced a quota of 25.5 lakh tonnes of sugar for the sugar mills for the month of June, which is higher by 8.5% over June 2023. The Department of Food and Public Distribution announced the monthly sale quota for sugar on May 28. The quota for June 2023 was 23.5 lakh tonnes. It had announced a higher quota of 27 lakh tonnes for May 2024, which was higher by 3 lakh tonnes or 12.5% over May 2023. Sugar prices continued to increase in May despite a substantially higher quota.

<https://economictimes.indiatimes.com/news/economy/agriculture/june-sugar-quota-higher-by-8-5-y-o-y-as-prices-stay-firm-amid-heat-waves/articleshow/110502138.cms>

Basmati rice export prices plummet below government MEP, global buyers stay away

The export price of basmati rice has fallen way below the government-fixed minimum export price of \$950 per tonne to \$800-\$850 per tonne, and despite the low prices, there are few global buyers. Domestic prices too have fallen from Rs 75 per kg to Rs 65 per kg on low export offtake. Exporters said importing countries had bought good quantities of basmati rice from India in a hurry following the uncertainty created by the government by once increasing the MEP to \$1200 per tonne last August and then bringing it down to \$950 per tonne in October, two large exporters said.

<https://economictimes.indiatimes.com/news/economy/agriculture/basmati-rice-export-prices-plummet-below-government-minimum-global-buyers-stay-away/articleshow/110494998.cms>

Infrastructure

Cost overruns in central government projects rise to a 12-month high in April

The ratio of cost overruns in central government projects rose to a 12-month high of 20.09% in April compared with 18.65% in the previous month, according to data released by the government Tuesday. The anticipated cost of 1,838 projects with a value of Rs 150 crore and above, at Rs 33.2 lakh crore, was Rs 5.6 lakh crore higher than the original cost, with the ratio of delayed projects also rising compared with the previous few months. While 43% or 792 projects were delayed with respect to the original completion date, 514 were delayed with respect to the original cost as well. Data released by the government showed that 61 projects were completed in April, while it onboarded 29 new projects. The cost of completed projects was Rs 46,649.7 crore, whereas the newly added projects cost Rs 1.3 lakh crore.

<https://economictimes.indiatimes.com/news/economy/indicators/cost-overruns-in-central-government-projects-rise-to-a-12-month-high-in-april/articleshow/110503568.cms>

Office space leasing by GCCs up 17% to 22.5 mn sq ft in 2023-24: Report

Office space leasing by global capability centres (GCCs) in India increased by 17 per cent year-on-year (Y-o-Y) in the financial year 2023-24 (FY24) compared to FY23, said a report on Tuesday, citing engineering, manufacturing and financial services among sectors that are helping growth. Total leasing by GCCs stood at 22.5 million square feet in FY24, compared to 19.2 million square feet in FY23, according to real estate consultancy CBRE South Asia. A GCC supports its parent company by handling operations like technology, customer service, finance, and product development.

https://www.business-standard.com/industry/news/office-space-leasing-by-gccs-up-17-to-22-5-mn-sq-ft-in-2023-24-report-124052800757_1.html

Energy

Wind industry taken aback by MNRE order

The Indian wind industry is taken aback by an order of the Ministry of New and Renewable Energy (MNRE), issued on Monday, giving exemption to wind turbines set up in special economic zones and export-oriented units from getting approval under the 'Revised List of Models and Manufacturers' (RLMM).

<https://www.thehindubusinessline.com/economy/wind-industry-taken-aback-by-mnre-order/article68225470.ece>

Telecom

Govt bodies and banks to use 160 and 161 numbering series for service calls: DoT

In an attempt to reduce pesky calls, the telecom department has allocated 160 and 161 numbering series for transactional and service calls made by businesses for commercial purposes. All central and state government entities shall use 10-digit phone numbers telephone numbers in the format of 1600ABCXXX whereas financial entities regulated by RBI, SEBI, IRDAI and PFRDA shall use 1601ABCXXX, the department of telecommunications (DoT) said in a notification late Tuesday.

<https://economictimes.indiatimes.com/industry/telecom/telecom-policy/govt-bodies-and-banks-to-use-160-and-161-numbering-series-for-service-calls-dot/articleshow/110504926.cms>

States

Uttar Pradesh govt targeting \$2 billion investment in civil aviation

The Uttar Pradesh government is targeting private investment of \$2 billion (over Rs 16,000 crore) in the civil aviation sector. Apart from promoting ancillary activities, such as aviation training, aircraft maintenance, and aero-sports, the proposed investment may be used to develop and upgrade existing airstrips.

https://www.business-standard.com/industry/news/uttar-pradesh-govt-targeting-2-billion-investment-in-civil-aviation-124052801430_1.html

External

Commerce ministry working on standard operating procedure for FTA negotiation

The commerce ministry held deliberations with experts, former officers and senior officials from different departments on framing a standard operating procedure for free trade pacts and other related issues under these agreements, an official release said on Tuesday. The commerce ministry in the release stated that the 'Chintan Shivir' was organised on May 16-17 at Neemrana, Rajasthan. "The Shivir facilitated discussions on various issues related to negotiations of Free Trade Agreements (FTAs) by India, its position and strategy that should be adopted for such negotiations," the ministry said.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/commerce-ministry-working-on-standard-operating-procedure-for-fta-negotiation/articleshow/110500566.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 trade distorting 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>

Govt puts new wastage norms for gold, silver jewellery exports on hold

The government on Tuesday put on hold the new norms for permissible wastage amount for gold, silver and platinum content in jewellery exports until July 31, 2024, just a day after the notification after the gems and jewellery industry raised serious concerns on the new standards. The government on Monday notified revised norms related to the permissible amount of wastage and standard input output with regard to the export of gold and silver jewellery. The industry claimed that the norms were notified without any consultation.

https://www.business-standard.com/industry/news/govt-puts-new-wastage-norms-for-gold-silver-jewellery-exports-on-hold-124052801945_1.html