



June 03, 2024 – Monday

Economy

India's CAD may show dip in Q4 as net exports hit 11-quarter high

India's current account deficit (CAD) may dip further in the March quarter of FY24 as pressure from the negative net exports during the January-March period eased to an 11-quarter high. A part of the gross domestic product (GDP) data, net export— which is usually negative for India — captures the difference between exports and imports of both goods and services, while the CAD data, released by the Reserve Bank of India (RBI), also factors in private transfer receipts.

https://www.business-standard.com/economy/news/india-s-cad-may-ease-in-march-quarter-as-net-exports-hit-11-quarter-high-124060200509_1.html

Modi plans post-election reforms to rival Chinese manufacturing

Indian Prime Minister Narendra Modi plans a raft of business-friendly measures if he wins a third term this week, including pushing through regulations making it easier to hire and fire workers, according to two government officials familiar with the matter. As part of an election pledge to transform India into a global manufacturing hub, Modi wants to offer subsidies for domestic production modelled on recent packages for semiconductor firms and electric vehicle makers, said the officials, who spoke on condition of anonymity because they were not authorised to talk to media.

<https://economictimes.indiatimes.com/news/economy/policy/indias-modi-plans-post-election-reforms-to-rival-chinese-manufacturing/articleshow/110650284.cms>

Finance

Monetary policy: RBI unlikely to cut interest rate on June 7, say experts

Reserve Bank of India (RBI) is unlikely to cut the benchmark interest rate at its upcoming monetary policy review meeting, taking place soon after the announcement of the Lok Sabha election results, amid inflation challenges, said experts. The Monetary Policy Committee (MPC) may also refrain from rate cut as economic growth is picking up, notwithstanding the elevated interest rate of 6.5 per cent (repo) prevailing since February 2023.

https://www.business-standard.com/finance/news/monetary-policy-rbi-unlikely-to-cut-interest-rate-on-june-7-say-experts-124060200339_1.html

MPS norm: FinMin may extend August deadline for PSBs, insurance firms

The finance ministry is in favour of extending the August deadline for public sector banks (PSBs) as well as insurance companies to increase their minimum public shareholdings (MPS) to the mandated 25 per cent, said a senior government official. "The election results will determine the course of action. Most likely, those who did not receive an extension to meet the minimum shareholding norm will be granted one," the senior government official said. The official added that the department of financial services is likely to write to the Securities Exchange Board of India (Sebi) regarding the issue.

https://www.business-standard.com/economy/news/psu-banks-insurance-companies-may-get-more-time-to-meet-mps-norms-124060200450_1.html

Heatwave shaves 2% off loan collections in May

Soaring temperatures across the country have affected loan collections with many lenders registering a drop in their collection efficiency in May by between 50 and 200 basis points. One basis point is 0.01 percentage point. "Yes, the severe heatwave across the country, along with a lower yield of the Rabi crop (due to a patchy monsoon last year) plus some restrictions related to movement of people during the elections, has led to a marginal impact on collection efficiency in the last few months," said Manish Kothari, president and head - commercial banking at Kotak Mahindra Bank.

<https://economictimes.indiatimes.com/news/economy/policy/heatwave-shaves-2-off-loan-collections-in-may/articleshow/110645325.cms>

SEBI's rumour confirmation norms come into effect for top 100 listed entities

Amid the mayhem over exit poll prediction, market regulator SEBI has implemented the much awaited market rumour verification regulation on top 100 companies. Under the SEBI's rule, these companies will have to 'confirm, deny, or clarify any reported event or information in the mainstream media that is not general in nature and that indicates that rumours of an impending specific material event' are circulating among the investors in 24 hours from the reporting of the information.

<https://www.thehindubusinessline.com/markets/sebis-rumour-confirmation-norms-come-into-effect-for-top-100-listed-entities/article68243569.ece>

New govt may cut FY25 fiscal deficit target amid robust growth and windfall RBI dividend

The new government may cut the fiscal deficit target for the current financial year when it presents the full budget in July, encouraged by a better-than-expected deficit reading for FY24 and the generous dividend payout from the central bank, people familiar with the development said. The target for the next fiscal year, starting April 1, 2025, is 4.5% of GDP and the government may seek to improve on that too, as policy continuity is expected, with exit polls projecting Prime Minister Narendra Modi to retain power with a strong majority, the people cited said.

<https://economictimes.indiatimes.com/news/economy/policy/india-may-cut-fy25-fiscal-deficit-target-amid-robust-growth-and-windfall-rbi-dividend/articleshow/110645609.cms>

CBIC steps up its vigil over imports of unbranded gold jewellery

The Central Board of Indirect Taxes and Customs (CBIC) has stepped up its watch on the import of unbranded gold jewellery amid a spurt in seizures on international borders and from importers. During FY24, the CBIC and Directorate of Revenue Intelligence (DRI) jointly seized about 5 tonnes of gold, 30 per cent more than what they did in FY23. In FY23, 3.5 tonnes of gold was confiscated.

https://www.business-standard.com/economy/news/cbic-steps-up-its-vigilance-on-imports-of-unbranded-gold-jewellery-124060200452_1.html

No tax recovery within three months of notice, says CBIC

The Central Board of Indirect Taxes and Customs (CBIC) has asked its field formations to not initiate recovery within three months of serving a tax notice, asking them to strike a balance between the interest of the revenue and ease of doing business. Only in cases where there is risk of closure of business or an impending insolvency, the field formations can initiate recovery before the mandated period after getting a nod from the jurisdictional principal commissioner, the CBIC said in a letter dated May 31 to all the zonal heads.

<https://economictimes.indiatimes.com/news/economy/policy/no-tax-recovery-within-three-months-of-notice-says-cbic/articleshow/110645280.cms>

Industry

Deep tech startup policy likely in forthcoming Budget

The commerce and industry ministry may propose a dedicated policy for deep tech startups to promote innovation, for the forthcoming Budget to be announced by the new government, an official said. Voting for the Lok Sabha polls

is over and the counting is scheduled for June 4. The new government is likely to take oath this month. The new government may announce the full Budget for 2024-25 in July. The commerce and industry ministry may propose a dedicated policy for deep tech startups to promote innovation, for the forthcoming Budget to be announced by the new government, an official said. Voting for the Lok Sabha polls is over and the counting is scheduled for June 4. The new government is likely to take oath this month. The new government may announce the full Budget for 2024-25 in July.

<https://economictimes.indiatimes.com/news/economy/policy/deep-tech-startup-policy-likely-in-forthcoming-budget/articleshow/110639597.cms>

AC makers clock two-fold jump in sales in May amid scorching summer

A blistering summer has led to an almost two-fold jump in sales of air-conditioners in May even as leading manufacturers have been grappling with delays in installation and replenishing inventories of hot-selling energy-efficient models. The mercury is hovering above 45 degrees at several places including the national capital, which has been under the grip of a severe heatwave for the past few days. At the same time, AC makers are navigating exceptional demand, recording their best-ever sales in a month so far. Leading brands like Voltas, LG, Daikin, Panasonic, and Blue Star witnessed robust sales in May and the industry expects an overall growth of 30 to 35 per cent in 2024 compared to their sales of last year.

<https://economictimes.indiatimes.com/industry/cons-products/durables/ac-makers-clock-two-fold-jump-in-sales-in-may-amid-scorching-summer/articleshow/110638547.cms>

Summer-centric products sizzle as heatwaves persist across country

With heatwave persisting in most parts of the country, fast-moving consumer goods (FMCG) companies continue to report a sharp increase in the sales of summer-centric products like ice-creams and cold beverages. "With soaring temperatures and the ongoing heat wave conditions in the northern region, there has been a significant increase in the demand for all summer-centric products, including ice-creams, dairy beverages, and curd. These categories are witnessing an uptick in the demand by over 40 per cent," said Manish Bandlish, managing director, Mother Dairy.

https://www.business-standard.com/industry/news/summer-centric-products-sizzle-as-heatwaves-persist-across-country-124060200306_1.html

Post FAME-II: EV sales dip on incentive cuts, polls, and hybrid shift

Electric vehicle sales in the country saw a decline of 22.3 per cent in May 2024 compared to the same month last year. However, there was a modest recovery of 8.8 per cent sequentially. In May 2024, according to data from the Vahan portal, total EV sales amounted to 123,107 units, a fall from 158,459 units in May 2023, which also saw peak sales in the calendar year. In April, 113,092 units were sold.

https://www.business-standard.com/economy/news/ev-sales-decline-due-to-incentive-cuts-election-and-hybrid-shift-124060200401_1.html

As retail sales growth slow, retailers to cut deep discounts to drive profits

The deals on clothes, electronics and footwear that have been enticing shoppers to splurge may reduce significantly, as retailers including Aditya Birla Fashion and Retail (ABFRL), Arvind and V-Mart have ruled out deep discounts in a move to spur profits. Madura Fashion, which manages brands such as Louis Philippe, Van Heusen, Allen Solly and Peter England, said that during the second half of the previous fiscal, especially the fourth quarter, it managed to reduce discounts by 500 basis points to drive profitable growth.

<https://economictimes.indiatimes.com/industry/services/retail/as-retail-sales-growth-slow-retailers-to-cut-deep-discounts-to-drive-profits/articleshow/110645576.cms>

Infrastructure

Highway builders want infra loans provision pared to 2%

Highway construction contractors have suggested that the provision that lenders must make against financing their projects be fixed at 2% instead of the Reserve Bank of India's proposal of 5%, which they said would hurt project viability. Currently, lenders need to set aside 0.4% as provision against loans provided to highway builders. The banking regulator made the proposal to sharply increase this in its recent draft guidelines on infrastructure financing.

<https://economictimes.indiatimes.com/news/economy/infrastructure/highway-builders-want-infra-loans-provision-pared-to-2/articleshow/110645297.cms>

India to increase road toll charges from Monday

India will hike road toll charges across the country by 3-5% from Monday, officials said, after putting the annual increase on hold in April due to the country's general elections. Toll charges in India are revised annually in line with inflation and highway operators put notices in local newspapers announcing hikes of 3% to 5% at nearly 1,100 toll plazas from Monday.

<https://economictimes.indiatimes.com/news/economy/infrastructure/india-to-increase-road-toll-charges-from-monday/articleshow/110641572.cms>

India has significant potential for making sustainable aviation fuel: IATA

India has significant potential for producing Sustainable Aviation Fuel (SAF), which can help reduce carbon emissions, global airlines' grouping IATA said on Sunday amid rising air travel. In 2023, the production of SAF stood at around 0.5 million tonnes and the amount has to be increased multiple folds by 2050.

https://www.business-standard.com/industry/news/india-has-significant-potential-for-making-sustainable-aviation-fuel-iata-124060200544_1.html

As order book grows, capital goods, engineering cos firm up capex plans

As order books gain from India's increased capital outlay, some large capital goods and engineering companies are together spending over Rs 11,500 crore in creating new facilities, data shows. Nine engineering and capital goods companies, where data was available, including Siemens, Larsen & Turbo (L&T) and KEC International, have a combined capital expenditure (capex) of about Rs 11,500 crore or more.

https://www.business-standard.com/economy/news/as-order-book-grows-capital-goods-engineering-cos-firm-up-capex-plans-124053101667_1.html

Energy

Adequate availability of coal at thermal power plants despite high power demand, coal reserves remain at over 45 MT, says govt

Despite extremely high demand for power, the Ministry of Coal has confirmed that the coal stocks at thermal power plants continue to remain healthy, ensuring a steady power supply across the nation. In a release, the ministry said that the current coal reserves at these plants is more than 45 MT, which is 30 per cent higher as compared to last year. The stocks are sufficient to meet the requirement of 19 days. During the month of May 2024, the average daily depletion at thermal power plants was 10,000 tonnes per day.

India's power usage rises 15% to 156.31 bn units in May due to extreme heat

India's power consumption rose nearly 15 per cent to 156.31 billion units (BU) in May as compared to the year-ago period, mainly due to scorching heat in the country which forced excessive use of cooling appliances like air conditioners and desert coolers. In May 2023, the power consumption stood at 136.50 BU, government data showed. The highest supply in a day (peak power demand met) also rose to an all-time high of 250.07 GW in May 2024 against 221.42 GW in the year-ago month. The previous all-time high peak power demand of 243.27 GW was recorded in September 2023.

https://www.business-standard.com/economy/news/india-s-power-usage-rises-15-to-156-31-bn-units-in-may-due-to-extreme-heat-124060200211_1.html

PNGRB withdraws notices to declare 54 city gas networks as common carrier

The Petroleum and Natural Gas Regulatory Board (PNGRB) has withdrawn notices to declare city gas networks in 54 licensed areas as common carriers, which would help end a legal tussle between the regulator and the affected city gas distributors. In April, the PNGRB had repealed its previous guideline on declaring networks as common carriers, which had formed the basis for notices to 54 city gas licensees in 2021, and replaced it with a new guideline. Since the old guideline was repealed, it decided to withdraw all those notices, the regulator said.

<https://economictimes.indiatimes.com/industry/energy/oil-gas/regulator-now-says-city-gas-networks-not-common-carriers/articleshow/110645301.cms>

Telecom

Spectrum auction signal fades: Lowest earnest money deposit since 2013

The earnest money deposit (EMD) collected by the government from bidders for the upcoming spectrum auctions, set to begin later this week, is the lowest in the past six auction rounds, according to data from the Department of Telecommunications (DoT). Combined with much lower demand for spectrum and a cautious stance adopted by market leader Reliance Jio, analysts believe the auctions will likely be a muted affair.

https://www.business-standard.com/industry/news/spectrum-auction-signal-fades-lowest-earnest-money-deposit-since-2013-124060200399_1.html

Manufacturing telecom gear in India may get a Rs 3,000 crore push

In a bid to raise domestic manufacturing of telecom gear, a key government fund aimed at research and development (R&D) in the telecom space may be expanded in the next few months, officials from the department of telecommunications (DoT) said. Currently pegged at 5 per cent of the annual collections of the Universal Service Obligation Fund (USOF) or about Rs 500 crore, the corpus of the Telecom Technology Development Fund (TTDF) can be expanded to about Rs 3,000 crore, an official said.

https://www.business-standard.com/industry/news/telecom-technology-development-fund-to-be-expanded-say-officials-124053101648_1.html

Healthcare

Major private hospital chains see rise in revenues per bed in FY24

Major Indian private hospital chains have posted an increase in average revenue per occupied bed (ARPOB) per day in the financial year 2023-24 (FY24). The figure has touched an estimated Rs 49,800 per bed per day compared to Rs 45,800 per bed per day in the financial year 2022-23 (FY23). This comes as hospitals expand their bed capacity also.

https://www.business-standard.com/industry/news/major-private-hospital-chains-see-rise-in-revenues-per-bed-in-fy24-124060200251_1.html

External

India receives highest FDI from Singapore in 2023-24, Mauritius follows

India received the highest foreign direct investment (FDI) from Singapore in 2023-24 even as overseas capital inflows into the country contracted by about 3.5 per cent due to global economic uncertainties, according to the latest government data. Though FDI from Singapore has dipped by 31.55 per cent to \$ 11.77 billion in 2023-24, India has attracted the maximum inflows from that country, the data showed.

https://www.business-standard.com/economy/news/india-receives-highest-fdi-from-singapore-in-2023-24-mauritius-follows-124060200148_1.html

DGFT taps export bodies for inputs on efficacy of interest equalisation scheme

The DGFT has sought information from various export bodies on the trade finance eco system in India and related challenges to assess if the government's interest equalisation scheme for exporters is yielding results and how trade finance can be improved. "The DGFT has been asked by the Finance Ministry to show that the interest equalisation scheme is yielding results. It has asked us for certain details for a study on trade finance it is carrying out. We have already provided those details to the DGFT. Once all export bodies give their submission, a report would be put together," a representative of a Delhi-based export body told businessline.

<https://www.thehindubusinessline.com/economy/dgft-taps-export-bodies-for-inputs-on-efficacy-of-interest-equalisation-scheme/article68243275.ece>