



June 11, 2024 – Tuesday

Economy

Statistics ministry sees no major revision of FY24 GDP

The statistics ministry doesn't expect to undertake any significant downward revision to the official economic growth estimate for FY24, and may disprove many analysts in this regard. It also sees the possibility of the gross domestic product (GDP) expansion in FY25 to exceed 7%, with the "strong momentum" being witnessed. "We don't think any significant revision is warranted – either for gross-value-added (GVA) or the gross-domestic-product (GDP)," a ministry source told FE, adding that data compilation methodology for computing the national income is "robust".

<https://www.financialexpress.com/policy/economy-statistics-ministry-sees-no-major-revision-of-fy24-gdp-3519335/>

Busting dark patterns, mediation on agenda of consumer affairs ministry

The Ministry of Consumer Affairs, Food and Public Distribution will remain focused on initiatives such as busting dark patterns in the online space and resolving complaints through mediation to alleviate consumer grievances as Prime Minister Narendra Modi is set to lead a new coalition government. As part of its initial 100-day plan, the new government plans to launch a mobile application that will help consumers identify any dark patterns that the online platforms use, a top official told Business Standard. Dark patterns are defined as practices or deceptive design patterns using UI/UX (user interface/user experience) interactions on any platform. They are designed to mislead or trick users into doing something they originally did not intend or want to do. The dark patterns contribute to unfair trade practices and can be classified as a violation of consumer rights.

https://www.business-standard.com/industry/news/busting-dark-patterns-mediation-on-agenda-of-consumer-affairs-ministry-124060900367_1.html

Rising India food costs likely snapped inflation downturn in May: Report

India consumer inflation likely snapped a four-month downward trend in May due to rapidly rising food costs, according to economists polled by Reuters, suggesting the Reserve Bank of India is still several months away from cutting interest rates. The Reuters poll of 50 economists conducted June 5-10 predicted consumer price inflation (CPI) is expected to have picked up to 4.89 per cent last month from April's 4.83 per cent. Forecasts for the data, scheduled to be released on June 12 at 1200 GMT, ranged from 4.30 per cent to 5.20 per cent.

https://www.business-standard.com/economy/news/rising-india-food-costs-likely-snapped-inflation-downturn-in-may-report-124061000487_1.html

India may sustain 6.5-7% GDP growth between FY26 & FY30, says UBS

India is expected to sustain a potential growth rate of 6.5 per cent -7 per cent year-on-year (Y-o-Y) between 2025-26 and 2029-30, UBS Securities said on Monday. During FY25, India is expected to grow at 7 per cent as post-pandemic recovery in the capital expenditure (capex) cycle, driven by government spending and strong residential real estate demand is likely to continue, said Tanvee Gupta Jain, chief India economist at UBS Securities.

https://www.business-standard.com/economy/news/india-may-sustain-6-5-7-gdp-growth-between-fy26-fy30-says-ubs-124061000828_1.html

World Bank working paper advocates increased devolution for Panchayats

A recent World Bank working paper has called for granting greater authority to Panchayats while strengthening local fiscal capacity to offset what it identified as “recentralisation” resulting from the widespread adoption of online payment systems, MIS-based beneficiary selection, and digital beneficiary tracking. “Delegating more authority to Panchayats, rather than stripping them of power, is crucial in ensuring effective local governance,” the working paper titled ‘Two Hundred and Fifty-Thousand Democracies: A Review of Village Government in India’ authored by Siddharth George, Vijayendra Rao and MR Sharan says.

https://www.business-standard.com/economy/news/world-bank-working-paper-advocates-increased-devolution-for-panchayats-124061000690_1.html

Companies cautious on short-term hiring, but overall outlook stays upbeat

Indian employers are going cautious on short-term hiring for the upcoming July-September quarter, a new survey showed even as overall outlook remains positive. The net employment outlook in India for the next quarter is 30%, six percentage points lower than both the current quarter and July-September 2023, according to the latest ManpowerGroup Employment Outlook Survey shared exclusively with ET. About 48% of 3,150 Indian employers who were asked about their hiring plans for the September quarter said they would hire more people, while 18% expected a decrease in hiring intent or had no plans to backfill. 32% reported no change and 2% were unsure.

<https://economictimes.indiatimes.com/jobs/hr-policies-trends/companies-cautious-on-short-term-hiring-but-overall-outlook-stays-upbeat/articleshow/110883252.cms>

Finance

Modi govt releases Rs 1.4 lakh crore installment of tax devolution to states

The Ministry of Finance on Monday announced the release of an additional installment of tax devolution to states for June 2024. The objective of the move is to support state finances and spur economic development, it said.

<https://economictimes.indiatimes.com/news/economy/finance/modi-govt-releases-rs-1-4-lakh-crore-installment-of-tax-devolution-to-states/articleshow/110881809.cms>

Loan demand for rural homes, tractors may rise on govt push

Credit demand in rural and semi-urban locations for segments such as affordable housing, microfinancing and tractor purchases should improve as the new government focuses both on lifting rural incomes and boosting the infrastructure beyond cities. “We believe a likely surge in rural credit demand, higher affordability and government push toward financial inclusion with ease of regulations in the microfinance sector. A likely credit-linked subsidy scheme (CLSS) in the Pradhan Mantri Awas Yojana would drive credit growth going forward,” ICICI Securities said in a report. The brokerage house said it prefers Utkarsh MFI and CreditAccess Grameen within the microfinance space, besides Aavas Financiers and India Shelter among financiers of budget homes.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/loan-demand-for-rural-homes-tractors-may-rise-on-govt-push/articleshow/110883250.cms>

SBI, other public sector banks suggest steps to boost deposits

State Bank of India and other public sector lenders are urging the government to allow them to offer incentives to bolster deposits, which have slumped hitting credit flows. Banks' deposit growth in FY24 was well below the rise in credit, forcing them to meet the funding gap through higher-cost Certificates of Deposit (CDs). Banks have made representations to senior government officials flagging the slowdown in deposits. “One suggestion is that the lock-in period for tax-saving fixed deposits should be reduced to three years from five years,” said a senior bank executive aware of the development.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/sbi-other-public-sector-banks-suggest-steps-to-boost-deposits/articleshow/110883480.cms>

Microfinance loans up 24.5% to Rs 4.3 trn in FY24, NBFC-MFIs see moderation

Reflecting buoyant demand for credit, the microfinance loan portfolio of lenders rose by 24.5 per cent year-on-year (YoY) in 2023-24 to Rs 4,33,697 crore, according to Microfinance Industry Network (MFIN) data. The outstanding

Gross Loan Portfolio (GLP) was Rs 3,48,339 crore at the end of March 2023. The Y-o-Y growth was 22.03 per cent in FY23. The total loan accounts rose to 149 million at the end of March 2024 from 130 million a year ago.

https://www.business-standard.com/finance/news/microfinance-loans-up-24-5-to-rs-4-3-trn-in-fy24-nbfc-mfis-see-moderation-124061000421_1.html

Life insurance industry's new business premium grew 15.5% in May

The life insurance industry's new business premium (NBP) increased by 15.5 per cent year-on-year (Y-o-Y) in May 2024, aided by growth across segments, according to Life Insurance Council's data. The industry earned premiums worth Rs 27,034.2 crore in May 2024 compared to Rs 23,477.8 crore in the year-ago period. LIC's premiums increased by 18.7 per cent to Rs 16,690 crore in May 2024 from Rs 14,056.3 crore a year ago on the back of strong growth in its group business.

https://www.business-standard.com/finance/insurance/life-insurance-industry-s-new-business-premiums-grow-15-5-in-may-124061000812_1.html

ARCs to see 500-700 bps higher recoveries from residential realty: CRISIL

The asset reconstruction companies (ARCs) could see an increase in the cumulative recovery rate for stressed residential real estate projects by 500-700 basis points, CRISIL Ratings estimated. From 11 per cent as on March 31, 2024, it could reach 16-18 per cent by March 2025, the rating agency said. In a statement, the subsidiary of the country's leading rating agency (CRISIL Ltd) said the higher recovery would be driven by improved viability of projects due to healthy demand and price appreciation seen in residential real estate and greater investor and promoter interest in reviving such projects.

https://www.business-standard.com/industry/news/arcs-to-see-500-700-bps-higher-recoveries-from-residential-realty-crisil-124061000671_1.html

Nabard may raise Rs 30,000 crore through bonds in FY25, says CRISIL

National Bank for Agriculture and Rural Development (Nabard) is planning to raise up to Rs 30,000 crore through bonds in the current financial year (FY25) to support lending operations, according to rating agency CRISIL. The money raised through the market covering bonds and money market instruments had about 51.5 per cent share in total borrowings by Nabard at the end of March 2024.

https://www.business-standard.com/industry/banking/nabard-plans-to-raise-up-to-rs-30-000-crore-through-bonds-in-fy25-124061000855_1.html

Industry

Vehicle registrations rise by a modest 3 per cent in May

Vehicle registrations - a proxy for retail sales - went up by a modest three percent to 2.09 million units last month with consumers delaying purchases due to election-related uncertainties and extreme heat. Passenger vehicle registrations dipped marginally during the month under review by 0.96% to 303,358 units. As per data collated by industry body Federation of Automobile Dealers Association (FADA), two-wheeler registrations rose 2.48% to 1,534,856 units, three-wheelers by 20.09% to 98,265 units and commercial vehicles by 4.07% to 83,059 units. Registrations of tractors slid by 1.06% to 70,065 units in May.

<https://economictimes.indiatimes.com/industry/auto/auto-news/vehicle-registrations-rise-by-a-modest-3-per-cent-in-may/articleshow/110878147.cms>

May auto retails impacted by heatwave and elections, dip 5.3% MoM: FADA

Auto retails in the month of May dropped 5.28 per cent on a monthly basis as showrooms saw lower footfall due to prevailing heatwave, lack of new models and the now-concluded Lok Sabha elections, auto body FADA said on Monday. However, they saw a rise of 2.6 per cent on an annual basis. Sales of two-wheelers increased 2.5 per cent year-on-year while three-wheelers rose 20 per cent. Passenger vehicles and tractor segment both saw a contraction of 1 per cent each while commercial vehicles grew 4 per cent, FADA said in a press release.

<https://economictimes.indiatimes.com/industry/auto/auto-news/may-auto-retails-impacted-by-heatwave-and-elections-dip-5-3-mom-fada/articleshow/110861450.cms>

Edible oil prices rise 15% in a month

Cooking oil prices have risen up to 15% in the last one month, potentially causing worry for the Modi government to rein in food inflation as it starts its third term. Companies like Adani Wilmar, Emami Agrotech, and Sunvin Group said while disruption in soyabean oil supplies from Argentina and Brazil is driving prices higher, mustard oil prices have risen as National Agricultural Cooperative Marketing Federation of India (NAFED) and Haryana State Co-operative Supply and Marketing Federation Ltd (HAFED) have purchased large quantities of mustard seeds.

<https://economictimes.indiatimes.com/industry/cons-products/food/edible-oil-prices-rise-15-in-a-month/articleshow/110883356.cms>

Info overload, over-advertising causing frequent basket abandonment: Study

Information overload has come out to be a rising concern for shoppers, with around 76 per cent Indian consumers recently admitting in a survey that they feel inundated by “too much choice” while buying. The Accenture report, ‘The Empowered Consumer Research’, based on a survey of 19,000 consumers across 12 countries, including India, said that the information overload has forced 88 per cent consumers to abandon their purchases in the last three months of 2023.

https://www.business-standard.com/industry/news/info-overload-over-advertising-causing-frequent-basket-abandonment-study-124061000847_1.html

Agriculture

PM Modi shows rural bent, OKs ₹20kcr for PM Kisan Nidhi Scheme

The Prime Minister on Monday sanctioned the 17th instalment of the PM Kisan Nidhi Scheme, which will benefit 93 million farmers, as the first official decision of the new coalition government. Around ₹20,000 crore will be distributed in this instalment. This is expected to help boost rural demand and support consumer stocks that are trading near 52-week highs. "This is a clear signal of higher importance to rural welfare by the new coalition government. The new government is likely to be more consumption focused than earlier when it was more capex and infra focused," said Abneesh Roy, executive director of Nuvama Institutional Equities.

<https://economictimes.indiatimes.com/news/economy/agriculture/pm-modi-shows-rural-bent-oks-20kcr-for-pm-kisan-nidhi-scheme/articleshow/110882761.cms>

Onion prices on the boil as arrivals slow, demand picks up

Onion prices have increased by 30-50% in the last fortnight, as arrivals have slowed, while demand has increased ahead of Eid-al-Adha (Bakra Eid). The trade has started holding stocks hoping that the central government may ease its interventions to control prices. The average wholesale price of onions at the Lasalgaon mandi in Nashik on Monday was Rs 26 a kg, compared with Rs 17 on May 25. The price of best-quality onions, whose share in the total traded volume is small, has crossed Rs 30 a kg at many wholesale markets in the state.

<https://economictimes.indiatimes.com/news/economy/agriculture/onion-prices-on-the-boil-as-arrivals-slow-demand-picks-up/articleshow/110883383.cms>

Infrastructure

India-Bangladesh bridge to get operational by September, giving NE access to Bay of Bengal

India's landlocked Northeast is set to get a crucial connectivity link to the Bay of Bengal with the opening of the long-awaited Bangladesh-India friendship bridge, known as Maitri Setu, by September. The bridge was inaugurated by Prime Minister Narendra Modi and his Bangladesh counterpart Sheikh Hasina virtually in March 2021. Modi and Hasina had a brief interaction at the Rashtrapati Bhawan on Sunday night after the swearing-in ceremony of Modi 3.0. Hasina is expected to return for an official visit later in June or July. The Bangladesh PM along with six other leaders from India's immediate neighbourhood and Indian Ocean Region were invited for the inauguration ceremony.

<https://economictimes.indiatimes.com/news/economy/infrastructure/india-bangladesh-bridge-to-get-operational-by-september-giving-ne-access-to-bay-of-bengal/articleshow/110888211.cms>

High property prices to boost debt recovery from realty projects: Report

Recovery of debt from stressed residential realty projects is set to increase in the current financial year due to higher property prices as well as changes in rules, a report said on Monday. The bad loan recovery rate is estimated to touch 16-18 per cent at the end of FY25 from 11 per cent as on March 31, 2024, domestic rating agency CRISIL said in a report. "This will be driven by improved viability of stressed projects due to healthy demand and price appreciation seen in residential real estate and greater investor and promoter interest in reviving such projects," the agency said.

https://www.business-standard.com/industry/news/high-property-prices-to-boost-debt-recovery-from-realty-projects-report-124061000558_1.html

Telecom

Telcos likely to see modest revenue growth in June Qtr

The telecom sector is likely to see a modest 2.5-3% sequential rise in revenue growth in the June quarter despite higher data usage during the recent IPL cricket tournament as well as stronger demand for international roaming packs in the summer when many venture on holidays overseas, said analysts. The slight uptick is mainly because mobile users who opted for 5G packs are still paying lower 4G rates, and the overall volume of subscribers upgrading to higher-priced plans will be modest as most have large amounts of unused data, the analysts said. Further, some of the digital viewing of IPL cricket action on smartphones was through WiFi and not mobile data, which is also likely to limit sequential revenue growth for the top private carriers.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/telcos-likely-to-see-modest-revenue-growth-in-june-qtr/articleshow/110883184.cms>

States

Bonus to paddy farmers to cost Odisha Rs 6000 crore annually

To fulfill its election promise of a 42% bonus over the minimum support price (MSP) to paddy farmers, the new government in Odisha has to make budgetary provision in excess of Rs 6000 crore per annum, given the current level of procurement in the state, official sources said. The largesse will also require the food ministry to give an exemption to the Odisha government for procurement of surplus paddy above what is needed for the central pool, as done for Chhattisgarh in the ongoing procurement season – 2023-24 (October-September). The sources indicated that ministry is not quite inclined to accord this waiver, as it will inflate the economic cost of grains due to the higher storage and transport costs. A rise in economic cost of grains handled for the National Food Security Act will result in higher food subsidy.

<https://www.financialexpress.com/policy/economy-bonus-to-paddy-farmers-to-cost-odisha-rs-6000-crore-annually-3519330/>

UP govt steps up land acquisition for Amritsar-Kolkata Industrial Corridor

The Uttar Pradesh government is aggressively acquiring land for the Amritsar-Kolkata Industrial Corridor (AKIC) to make the state a key investment destination. AKIC, which comprises two nodes at Agra and Prayagraj districts, will span across 20 cities in seven states like Punjab, Haryana, UP, Uttarakhand, Bihar, Jharkhand, and West Bengal. The corridor encompasses one of the most densely populated regions in the world and supports nearly 40 per cent of India's population inhabiting comparatively economically weaker districts.

https://www.business-standard.com/india-news/up-govt-steps-up-land-acquisition-for-amritsar-kolkata-industrial-corridor-124061000630_1.html

Healthcare

SII, the world's largest vaccine maker, sees demand doubling in five years

Serum Institute of India Pvt. is expanding its production capacity as it expects sales of life-saving vaccines, including those for malaria and cervical cancer, to double in the next five years. The world's largest vaccine maker currently has the capacity to produce 3 billion doses of all types of vaccines each year, but only sells about 1.5 billion doses annually. The Pune-based firm is forecasting that will change. "As countries increase their health-care budgets,

you're going to see a huge uptake of vaccines that can prevent a lot of diseases," Serum's Chief Executive Officer Adar Poonawalla said in an interview with Bloomberg TV for an upcoming episode of Latitude with Haslinda Amin. "Vaccines have been proven to be the most efficient tool for prevention."

<https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals/sii-the-worlds-largest-vaccine-maker-sees-demand-doubling-in-five-years/articleshow/110887904.cms>

External

Traders demand resumption of border trade with China through Lipulekh pass

Indian traders involved in border trade with China through the Lipulekh pass in Pithoragarh district since 1992, have requested the central government to take up the issue of resumption of border trade through this route with Beijing. The trade route was closed rather suddenly after the outbreak of the Covid-19 pandemic in 2019, forcing Indian traders to return from the Taklakot mart in Tibet leaving behind their woollen products.

https://www.business-standard.com/industry/news/traders-demand-resumption-of-border-trade-with-china-through-lipulekh-pass-124061000482_1.html

BRICS calls for enhanced use of local currencies in trade between member countries

The BRICS ministers of Foreign Affairs met in Russia's Nizhny Novgorod on Monday and held a plethora of discussions, including an important one on the enhanced use of local currencies in trade and financial transactions between the BRICS countries. At the meeting, the ministers recognized the need for a comprehensive reform of the global financial architecture.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/brics-calls-for-enhanced-use-of-local-currencies-in-trade-between-member-countries/articleshow/110888455.cms>