



July 02, 2024 – Tuesday

Economy

Higher demand pushes hiring up as manufacturing PMI touches 58.3 in June

Growth in the Indian manufacturing sector recovered some of the ground lost in May, as the headline Purchasing Managers Index (PMI) figure released by HSBC on Monday rose to 58.3 from 57.5 in May. The recovery in the sector was based on the back of buoyant demand conditions that spurred the expansions in new orders, output and buying levels. Besides, firms raised employment at the fastest rate seen in more than 19 years of data collection. Meanwhile, cost pressures receded from May, but were nevertheless among the highest over the past two years, leading companies to lift selling prices to the greatest extent since May 2022.

https://www.business-standard.com/economy/news/buoyant-demand-helps-recover-manufacturing-growth-in-june-pmi-reaches-58-3-124070100258_1.html

Govt developing national indicator to measure “extreme poverty”

The government is developing a national indicator to measure “extreme poverty”, as it aims to eradicate the same for the entire population of the country by 2030, the statistics ministry has said. The government reckons anyone with income below \$1.25/a day as living in “extreme poverty”. The comments by the ministry were made in a recent report titled, ‘National Indicator Framework 2024’, which measured the progress made by India in achieving its Sustainable Development Goals (SDGs).

<https://www.financialexpress.com/policy/economy-govt-developing-national-indicator-to-measure-extreme-poverty-3539674/>

Commerce ministry seeks views of departments on measures to revive SEZs, promote economies of scale: Official

The commerce ministry has sought views of different departments on proposed measures to revive special economic zones and facilitate business transactions between SEZ and the domestic market, a senior official said on Monday. The official said that the ministry has suggested allowing the sale of products manufactured in Special Economic Zones (SEZs) in the domestic market on payment of duty foregone on inputs as that would help promote value addition. "The main issue in SEZs is that we are not able to get economies of scale. The connect between SEZs and the domestic tariff area (DTA) or domestic market has to be improved. There are also issues if DTA is selling to SEZs," the official said.

<https://economictimes.indiatimes.com/news/economy/policy/commerce-ministry-seeks-views-of-departments-on-measures-to-revive-sezs-promote-economies-of-scale-official/articleshow/111402110.cms>

MSME ministry seeks additional ₹5,000 crore for job generation scheme

The ministry of micro, small and medium enterprises (MoMSME) has sought an additional ₹5,000 crore from the finance ministry for the Prime Minister's Employment Generation Programme (PMEGP), as subsidy claim applications have outpaced disbursement under the scheme, an official aware of the development said. However, budget constraints, a time-consuming verification process and an overwhelming number of applications have led to KVIC disbursing only 34% of the subsidy amount claimed by the 13 largest banks, including private and public, in FY24.

<https://economictimes.indiatimes.com/news/economy/policy/msme-ministry-seeks-additional-5000-crore-for-job-generation-scheme/articleshow/111412689.cms>

India looks to match world average for share of women in workforce

India is readying a blueprint to enhance the participation of women in the national workforce to the global average, which the government considers crucial to achieve its developed nation goal by 2047. Proposals under consideration include incentives to create employment, development of the care economy, and enabling easier access to finance to encourage more women to join the labour force, said people aware of the deliberations. Discussions have commenced between the ministries of women & child development and labour & employment, as well as the Niti Aayog on possible interventions, they said. The budget to be introduced this month could capture some of these ideas.

<https://economictimes.indiatimes.com/news/economy/policy/india-looks-to-match-world-average-for-share-of-women-in-workforce/articleshow/111417811.cms>

India to see above-average rainfall in July, IMD says

India is likely to see above-average rainfall in July, the Indian Meteorological Department said on Monday. The monsoon will cover entire country ahead of normal schedule, IMD said. There is 80 per cent probability of normal to above-normal rainfall in July. Delhi is expected to get heavy to extremely heavy rainfall in the ongoing month, as per the Indian weather office. "La Nina conditions, which are considered favourable for monsoon rainfall in India, are likely to prevail in August-September," IMD said.

<https://economictimes.indiatimes.com/news/india/india-to-see-above-average-rainfall-in-july-imd-says/articleshow/111406138.cms>

Finance

Commercial banks mobilise Rs 1.45 trn via certificates of deposits in June

Commercial banks mobilised Rs 1.45 trillion through certificates of deposit (CDs) in June to strengthen their balance sheets ahead of the quarter-end, according to data from the Clearing Corporation of India. June's mobilisation through CDs was 76 per cent higher than the previous month. In the first quarter of the current financial year (2024-25), banks raised Rs 2.6 trillion through CDs, compared to Rs 1.6 trillion in the first quarter of the previous financial year (2023-24). Credit offtake remained robust for banks despite sluggish deposit growth.

https://www.business-standard.com/industry/banking/commercial-banks-take-cd-route-to-narrow-credit-deposit-growth-gap-124070100826_1.html

PSBs on the margins in credit cards, but NPAs ahead by a wide margin

Indian public sector lenders have been late entrants into credit cards, and the latest data on delinquencies and expenditures showed they remain relative stragglers in a revenue stream dominated by privately owned banks. But, at the same time, the state-run players are learning the tricks of the trade - and have a very limited value at risk. For PSU banks, non-performing assets (NPAs) of credit cards outstanding are the highest among all retail sub-sectors - at 11.3% - as of March 2024. The comparative figure is about 2% for private sector and foreign banks, Reserve Bank of India data showed.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/psbs-on-the-margins-in-credit-cards-but-npas-ahead-by-a-wide-margin/articleshow/111413176.cms>

SEBI tightens rules to check trading from mule accounts

Securities and Exchange Board of India has tightened norms to detect fraud and market abuse at the stock brokers' end via mule and proprietary accounts.

<https://www.thehindubusinessline.com/markets/sebi-tightens-rules-to-check-trading-from-mule-accounts/article68356143.ece>

SEBI to simplify criteria for passive fund managers with new MF Lite regulations

In a move that would encourage more entrants in the mutual fund industry, the capital market regulator SEBI has proposed to reduce the net worth and profit track record criteria for companies interested only in managing assets passively.

<https://www.thehindubusinessline.com/markets/sebi-proposes-to-ease-criteria-for-passive-fund-managers-by-introducing-mf-lite-regulations-for-new-entrants-in-mfs/article68356106.ece>

Rs 2000 notes: 97.87% returned; Rs 7,581 cr worth notes still with public

The Reserve Bank of India (RBI) on Monday said 97.87 per cent of the Rs 2000 denomination banknotes have returned to the banking system, and only Rs 7,581 crore worth of the withdrawn notes are still with the public. On May 19, 2023, the RBI announced the withdrawal of Rs 2000 denomination banknotes from circulation. The total value of Rs 2000 banknotes in circulation, which was Rs 3.56 trillion at the close of business on May 19, 2023, has declined to Rs 7,581 crore at the close of business on June 28, 2024.

https://www.business-standard.com/finance/news/rs-2000-notes-97-87-returned-rs-7-581-cr-worth-notes-still-with-public-124070100494_1.html

Rejig of capital gains tax being deferred

The government is unlikely to make any change in the structure of capital gains taxes in the coming Budget, as it intends to defer the much-talked-about recast of these taxes to the budget for the next financial year, official sources indicated. "We have received representations (for streamlining the taxation of capital gains across asset classes), from the industry... these are not new," an official said. The July Budget, however, might not include any changes in capital gains tax regime, the person added.

<https://www.financialexpress.com/budget/rejig-of-capital-gains-tax-being-deferred-3539629/>

FY25 monetisation target to be raised to Rs 2 trillion

The Centre will likely ramp up its target for monetisation of brownfield assets in the current financial year to a record Rs 2 trillion in 2024-25, up from the original goal of Rs 1.67 trillion, in a move that will help ease the pressure on the Budget funds for infrastructure and welfare measures over the medium term. It had set an ambitious Rs 6 trillion asset recycling target under the National Monetisation Pipeline (NMP) over the four years through FY25, by monetisation (long-term leasing) of operational assets in sectors like roads, mining, power, petroleum and airports.

<https://www.financialexpress.com/policy/economy-fy25-monetisation-target-to-be-raised-to-rs-2-trillion-3539617/>

GST Council's key state panel for rate changes may face another revamp

The rationalisation of the goods and services tax (GST) regime may take longer than expected, as another reshuffle of a panel comprising state ministers, responsible for recommending rate changes, looms on the horizon, according to official sources. This potential shake-up may involve the panel's convenor. High-level government sources revealed a proposal to replace Goa's Transport Minister, Mauvin Godinho, with Chief Minister Pramod Sawant on the seven-member panel. This comes after the most recent reorganisation during the GST Council meeting on June 22, when Bihar Deputy Chief Minister Samrat Chaudhary was appointed the panel's convenor. The panel was expected to convene in the coming days to propose adjustments to the GST rate structure, which the GST Council would then review after the Budget.

https://www.business-standard.com/economy/news/gst-council-s-key-state-panel-for-rate-changes-may-face-another-revamp-124070101039_1.html

Industry

Car sales lose pace in June, SUVs stay in front

Passenger vehicle sales in India stayed in the slow lane for the third straight month in June mainly due to a high base and easing of post-pandemic pent-up demand. June sales rose 3.7% from a year earlier but fell marginally from May. As per industry estimates, 340,784 cars, sedans and utility vehicles were sold last month compared to 328,710 units a year earlier. Carmakers attributed the modest sales growth to tapering off of pent-up demand, which started post pandemic and sustained for the last two financial years, besides better availability of vehicles with the easing of

semiconductor shortage issue. SUVs contributed as much as 53% of sales. Industry stakeholders said while the demand environment is positive thanks to forecasts of a normal monsoon and record kharif output, passenger vehicle sales this fiscal will likely grow in modest single-digits - by 4-6% - on a high base.

<https://economictimes.indiatimes.com/industry/auto/auto-news/car-sales-lose-pace-in-june-suvs-stay-in-front/articleshow/111412968.cms>

EV sales drop 14% to 106,081 units in June, signalling challenges ahead

Sales of electric vehicles (EVs) in India saw a sharp 14 per cent decline in the month of June against May's figure, with experts suggesting that it could be due to a combination of factors such as changes in government policies and people's increasing interest towards hybrid vehicles. But, the June 2024 sales were over 20 per cent higher when compared to the same month last year, when the sales had dropped due to government tweaks in subsidies.

https://www.business-standard.com/industry/auto/ev-sales-drop-14-to-106-081-units-in-june-signals-challenging-road-ahead-124070100205_1.html

Despite data centre capacity of 977 MW, India needs 5X capacity expansion to fuel digital transformation

Will India's data centre capacity meet the nation's growing digital needs? At over 19 GB, Indians have been the highest consumers of data per month among comparable nations, reveals report titled 'Is India building enough to power its digital transformation?' by Cushman & Wakefield. Despite this, India today lags in internet and smartphone penetration, reflecting the scale and extent that the data centre segment is headed towards. According to the data, India's Colo data centre capacity stood at 977 MW across the top seven cities in H2 of 2023, and around 258 MW out of this was built in 2023, a 105 per cent YoY growth over the installed capacity in 2022.

<https://www.financialexpress.com/business/industry-despite-data-centre-capacity-of-977-mw-india-needs-5x-capacity-expansion-to-fuel-digital-transformation-3540012/>

New projects in April-June down over 90% to lowest on record, shows data

Announcements on setting up factories, building roads, and other new projects fell below the Rs 1 trillion mark, according to early data for the April-June quarter (Q1) of 2024-25. The Q1 figure of Rs 60,000 crore is 92 per cent lower than the Rs 7.9 trillion recorded in the year-ago quarter, shows data from Centre for Monitoring Indian Economy (CMIE). The latest numbers are subject to revisions but can be considered broadly indicative of the trend.

https://www.business-standard.com/economy/news/new-projects-in-april-june-down-over-90-to-lowest-on-record-shows-data-124070100903_1.html

Agriculture

India's wheat procurement at 3-year high, but misses 37.3 million tonnes target

India's wheat procurement ended on June 30 with 26.6 million tonnes (mt) being procured by the Food Corporation of India (FCI) since April 1. Though the purchase is lower than 37.3 mt target fixed by the government, it could not reach 30 mt as private traders bought at higher than the minimum support price (MSP) of ₹2,275/quinatal.

<https://www.thehindubusinessline.com/economy/agri-business/indias-wheat-procurement-at-3-year-high-but-misses-373-million-tonnes-target/article68356113.ece>

Infrastructure

Digi Yatra policy should spell out rules on passenger info deletion: Report

The policy for Digi Yatra -- a digital platform to verify air travellers using biometric data -- needs to spell out all the rules related to deletion of passenger information from the database once the travel is complete, according to a study instituted by NITI Aayog. There have been privacy concerns in various quarters about Digi Yatra user data. Based on Facial Recognition Technology (FRT), Digi Yatra provides for contactless and seamless movement of passengers at various checkpoints at airports.

https://www.business-standard.com/industry/news/digi-yatra-policy-should-spell-out-rules-on-passenger-info-deletion-report-124070100684_1.html

Co-working spaces up investments in ESG for rise in demand, higher rentals

Co-working spaces in India such as Urban Vault, Incuspaze, The Executive Centre, and Awfis are increasing their investments in ESG (environmental, social, and governance) practices as it offers higher rental yields with more corporates demanding ESG-compliant workplaces. The increased ESG investments come in the backdrop of India's target to achieve net-zero emissions by 2070.

https://www.business-standard.com/industry/news/co-working-spaces-up-investments-in-esg-for-rise-in-demand-higher-rentals-124070100714_1.html

Energy

Coal India records 7.9% growth in production to reach 189.3 MTs in Q1, achieves nearly a quarter of its FY25 production target

State-owned Coal India Ltd (CIL) on Monday announced that it has recorded coal production of 189.3 million tonnes (MTs) in the first quarter ending June FY2025, posting a growth of 7.9 per cent in comparison to 175.5 posted during the same period last year. This was 13.8 MTs more in volume terms compared to the corresponding quarter of FY 2024. Moving past the target of 189.2 MTs, CIL achieved 100 percent satisfaction in Q1 of the current fiscal year. While all the seven producing arms of CIL achieved positive growth, five of them have breached their respective targets, it said in a regulatory filing.

https://www.financialexpress.com/business/industry-coal-india-records-7-9-growth-in-production-to-reach-1893-mts-in-q1-achieves-nearly-a-quarter-of-its-fy25-production-target-3540611/#google_vignette

Govt raises windfall tax on petroleum crude to Rs 6,000 per metric ton

The Indian government has raised the windfall tax on petroleum crude to Rs 6,000 (\$72) per metric ton from Rs 3,250, effective from July 2, a notification issued on Monday showed. The windfall tax, which is revised every two weeks, remained unchanged at zero for diesel and aviation turbine fuel. India had on June 15 cut the windfall tax on petroleum crude to Rs 3,250 per ton from Rs 5,200 two weeks before.

https://www.business-standard.com/industry/news/govt-raises-windfall-tax-on-petroleum-crude-to-rs-6-000-per-metric-ton-123091501342_1.html

Peak power demand declines 10% to 206GW as rains hit north India

Heavy rain pounding the northern parts of the country after a spate of heatwave brought down the peak power demand in the past three days, bringing much relief from record consumption. Peak power demand fell to 206 GW on June 30 from 216-230 GW a week before and the highest ever of 250 GW on May 30.

<https://economictimes.indiatimes.com/industry/energy/power/peak-power-demand-declines-10-to-206gw-as-rains-hit-north-india/articleshow/111412662.cms>

Faster nod for power connection to EV charging stations proposed

The government has proposed to cut the approval time for electricity connection for electric vehicle charging stations to three days for metropolitan areas from seven days earlier and seven days in municipal areas from 15 days, in line with the amended Electricity Rules. The draft revised guidelines on charging infrastructure for EV by the power ministry issued on Monday also states charge point operators in rural areas should get connection in 15 days against 30 days.

<https://economictimes.indiatimes.com/industry/renewables/faster-nod-for-power-connection-to-ev-charging-stations-proposed/articleshow/111412806.cms>

Telecom

Higher capex, regulatory hurdles restrict pace of tower fiberisation for telcos

Even as 5G rollout in the country has been the fastest worldwide, the pace of tower fiberisation, which is key to high-speed connectivity and lower latency, continues to lag. The reason for the same can be attributed to higher capital expenditure requirements on the part of telecom operators, continuous regulatory hurdles and charges at the state level, people in the know said.

<https://www.financialexpress.com/business/industry-higher-capex-regulatory-hurdles-restrict-pace-of-tower-fiberisation-for-telcos-3540814/>

States

Karnataka to set up solar park in Madhugiri, boost renewable energy production: Minister K J George

After the success of Pavagada Solar park in Tumakuru, the Karnataka government is planning to establish yet another solar park in the district, this time in Madhugiri taluk. The initiative was announced by Energy Minister K J George in Tumakuru. "The upcoming project will not only scale up Karnataka's clean energy infrastructure, but also holds the potential to significantly enhance environmental stewardship and energy security in the state," he said. Madhugiri Solar Park will be developed in a strategic partnership with Tehri Hydro Development Corporation India Limited (THDCIL), owned by the central government.

<https://economictimes.indiatimes.com/industry/renewables/karnataka-to-set-up-solar-park-in-madhugiri-boost-renewable-energy-production-minister-k-j-george/articleshow/111410500.cms>

Healthcare

Government eases rules for global sourcing of medical gear

The government has allowed global tenders to be floated for procurement of 354 medical devices after the health ministry raised concerns over the lack of domestic options, a move that could ease access to state-of-the-art medical devices which are not available in the country, said people familiar with the matter. The finance ministry issued a notification to this effect last week, they said. The government's public procurement policy prohibits global tendering to source goods and services up to ₹200 crore in order to promote domestic industry. Pavan Choudary, chairman, Medical Technology Association of India (MTAI), termed the move a path-breaking effort by the government towards equitable policy making, spanning the crucial last mile which was uncovered so far.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/government-eases-rules-for-global-sourcing-of-medical-gear/articleshow/111412962.cms>

External

From Jan lows Russian oil rebounds to 45.4% of Indian crude imports in June

New Delhi and Moscow have apparently found a way around Western sanctions, which started escalating since last October on Russian ships and insurance companies, to boost the share of Russian crude oil in India's crude import basket to a near record in June by around 14 percentage points from a January low. Higher purchases from Russia have come at the cost of crude sourced from West Asia, according to industry sources and shipping data. Russian oil constituted 45.4 per cent of India's overall 4.63 million barrels per day of crude purchases in June compared to 40.7 per cent in May and 31.7 per cent in January when Washington unleashed a new wave of sanctions, disrupting Indo-Russian oil trade. Russia had a record 45.8 per cent share of the Indian oil imports market in May 2023.

https://www.business-standard.com/economy/news/from-jan-lows-russian-oil-rebounds-to-45-4-of-indian-june-crude-imports-124070100616_1.html

RBI, Asean countries to create platform for retail cross-border payments

The Reserve Bank of India (RBI) has joined hands with the Bank for International Settlements (BIS) and central banks of four Asean (Association of Southeast Asian Nations) countries to collaborate on Project Nexus — a multilateral international initiative to enable retail cross-border payments. The platform, which is expected to go live by 2026, will interlink domestic fast payment systems (FPS) of countries namely Malaysia, the Philippines, Singapore, Thailand and India. The central banks of these countries are the founding members and first movers of the platform.

https://www.business-standard.com/finance/news/rbi-asean-countries-to-create-platform-for-retail-cross-border-payments-124070100585_1.html

India, Australia aim to boost cooperation in critical minerals, processing

India and Australia are looking at ways to increase cooperation in critical minerals and their processing besides battery production, Commerce Secretary Sunil Barthwal said on Monday. Both countries have signed an interim free trade agreement and are in negotiations to expand that into a comprehensive pact, he said. "We are looking at how we can integrate our (India and Australia) economies in terms of battery production, in terms of mineral production,

in terms of mineral processing, in terms of vehicle production," the secretary said here at a conference on the roadmap for vehicle electrification.

https://www.business-standard.com/industry/news/india-australia-aim-to-boost-cooperation-in-critical-minerals-processing-124070100524_1.html

No new duty concessions for milk, milk products imports: DGFT

India has not allowed milk and milk product imports under a tariff rate quota since 2011-12 and no such imports are envisaged this year, Santosh Sarangi, director general of foreign trade said Monday. Under TRQ, goods are charged lower import duty rates. In the last 20 years since implementation, the import of milk and milk products under TRQ have happened only on three occasions, he said, denying reports that India has allowed such imports to curb food inflation or granted new duty concessions.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/no-new-duty-concessions-for-milk-milk-products-imports-dgft/articleshow/111410042.cms>