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Economy

June services PMI rises on back of new orders, international sales

Growth in India's dominant services sector recovered in June from a five-month low in May, helped by a rise in new orders and "unprecedented expansion" in international sales, according to a business survey that showed companies were hiring at the fastest in nearly two years. The headline Purchasing Managers' Index (PMI) figure released by HSBC on Wednesday increased to 60.5 in June from 60.2 in May. It has been above 50, which separates growth from contraction, for nearly three years.

https://www.business-standard.com/economy/news/june-services-pmi-rises-on-back-of-new-orders-international-sales-124070300296_1.html

Poverty declines to 8.5% in 2022-24 from 21.2% in 2011-12: NCAER paper

Poverty in India is estimated to have declined to 8.5 per cent in 2022-24 from 21.2 per cent in 2011-12, despite the challenges posed by the pandemic, according to a research paper by the economic think tank NCAER. The paper titled 'Rethinking Social Safety Nets in a Changing Society', authored by Sonalde Desai of NCAER, used data from the newly completed Wave 3 of the India Human Development Survey (IHDS) as well as data from Waves 1 and 2 of the IHDS.

https://www.business-standard.com/india-news/poverty-declines-to-8-5-in-2022-24-from-21-2-in-2011-12-ncaer-paper-124070300644_1.html

Telcos' tariff hikes to push up core inflation by 0.2 pc in FY25: Report

The near-simultaneous tariff hikes of over 20 per cent by the country's top three telcos will push up core inflation by 0.20 per cent in FY25, a foreign brokerage said on Wednesday. Analysts at Deutsche Bank also upped their core inflation or the price rise, excluding food and fuel, by 0.20 per cent to 3.8 per cent. Apart from the tariff hikes, the below-trend monsoon rains will be another factor that will be of focus from an inflation trajectory perspective, they said.

<https://economictimes.indiatimes.com/news/economy/indicators/telcos-tariff-hikes-to-push-up-core-inflation-by-0-2-pc-in-fy25-report/articleshow/111465152.cms>

Budget FY25: MSMEs may get 180 days to repay loans before NPA tag

The Union government is contemplating an extension of the non-performing assets (NPA) classification period for loans to micro, small, and medium enterprises (MSMEs) from the current 90 days to 180 days in the forthcoming FY25 Budget, according to a senior government official. "To provide support and relaxation to MSMEs, the government may extend the NPA period. Currently, the NPA period is 90 days, but it may be increased to 180 days. This may be included in the Budget," said the senior government official.

https://www.business-standard.com/economy/news/budget-fy25-msmes-may-get-180-days-to-repay-loans-before-npa-tag-124070301204_1.html

India's rating upgrade possible in next 24 months if fiscal deficit falls to 4%: S&P

A sovereign rating upgrade for India in the next 24 months is possible if the central government is able to prudently manage its finances and bring down fiscal deficit to 4 per cent of GDP, an S&P Global Ratings official said on Wednesday. S&P Global Ratings Director, Sovereign Ratings, YeeFarn Phua, said the trigger for upgrade would be general government (Centre + states) deficit falling below 7 per cent of the GDP, and a lot of this would have to be driven by the central government. "If the central government is able to bring down fiscal deficit to 4 per cent of the GDP, we will consider a rating upgrade over the next 24 months," Phua said. The central government estimates to bring down fiscal deficit to 5.1 per cent of the GDP in the current fiscal, from 5.63 per cent in 2023-24. <https://economictimes.indiatimes.com/news/economy/indicators/indias-rating-upgrade-possible-in-next-24-months-if-fiscal-deficit-falls-to-4-sp/articleshow/111460993.cms>

Finance

Banks in a bind over Trai mandate on digital consent

Banks are in a fix over the latest regulation from the Telecom Regulatory Authority of India (Trai) that mandates digital consent for sending commercial communication. Lenders have reached out to the government, seeking clarity on whether consent is needed even for sharing transaction details, a practice currently followed as per Reserve Bank of India (RBI) guidelines, people familiar with the development told ET.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/banks-in-a-bind-over-trai-mandate-on-digital-consent/articleshow/111468115.cms>

RBI tells banks to find ways to bridge the gap between credit and deposit growth

The Reserve Bank of India has told banks to find ways to bridge the gap between credit and deposit growth and reduce credit-deposit ratio, raising concerns over the persistent higher credit growth than deposit mobilisation which could pose a risk in business sustainability. The central bank Governor Shaktikanta Das held a meeting with the heads of public sector banks and select private sector lenders Wednesday where he spoke about high credit-deposit ratio, the resultant liquidity risk management challenges, trends in unsecured retail lending as well as cybersecurity and third-party risks and the need for improving customer services.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-tells-banks-to-find-ways-to-bridge-the-gap-between-credit-and-deposit-growth/articleshow/111465314.cms>

Revenues of top 18 states to grow 8 to 10% this financial year: CRISIL

Revenues of top 18 states, which account for 90 per cent of India's gross state domestic product, are likely to grow at a pace of eight to 10 per cent during the current financial year at Rs 38 lakh crore, according to a CRISIL Ratings report. "Last fiscal, the revenues of the 18 states grew by seven per cent," it said. The growth will be primarily driven by robust GST collections and devolution of finances from the Centre, which comprise around 50 per cent of the aggregate state revenues, according to the report.

https://www.business-standard.com/economy/news/revenues-of-top-18-states-to-grow-8-to-10-this-financial-year-crisil-124070300632_1.html

Banks Q1 loan growth remain strong, share of low cost deposits falls

Mid-sized and smaller private sector lenders reported healthy growth in loans in the April-June quarter (Q1) of the current financial year (FY25) while the share of low-cost deposits continued to decline. Federal Bank reported year-on-year growth of 20.1 per cent in Q1 in gross advances to Rs 2.24 trillion while Yes Bank reported 14.8 per cent growth to Rs 2.3 trillion. On a sequential basis, Federal Bank reported 5.4 per cent growth in advances and Yes Bank 0.9 per cent.

https://www.business-standard.com/industry/banking/banks-q1-loan-growth-remain-strong-share-of-low-cost-deposits-falls-124070301035_1.html

10% growth in GST revenue may continue in near term, say experts

The easing growth in gross Goods and Services Tax (GST) collections in the current financial year largely depicts that India's economy has now transitioned into a "stabilised phase" from a "recovery phase", meaning sub-10% growth may continue in the near-term going forward, say experts. Stabilisation phase signifies a maturing tax system,

successful implementation of compliance measures, and an economy that has largely recovered from the pandemic's impact. The GDP growth too is expected to be slower this year, with many economists pegging it at 7%, as against 8.2% in FY24.

<https://www.financialexpress.com/policy/economy-10-growth-in-gst-revenue-may-continue-in-near-term-say-experts-3541712/>

Law amendments approved by GST Council to be incorporated in the Finance Bill: CBIC Chief

CBIC Chairman Sanjay Kumar Agarwal on Wednesday said the decisions taken at the GST Council meeting last month, like amnesty scheme for initial years of rollout and sunset date for profiteering complaints, will be incorporated into the Finance Bill to be tabled in Parliament, along with the Budget later this month. Addressing the NACIN-Bhopal's flagship programme on GST, Agarwal said at the 53rd GST Council meeting rate rationalisation was proposed on some goods and services, while in some cases clarifications have been issued. "For cases of dispute resolution and settlement which have arisen at the time of GST rollout during the challenges faced by small businesses, on those issues several decisions have been taken which may become part of the Finance Bill so that necessary changes can be brought in the GST law," Agarwal said.

<https://economictimes.indiatimes.com/news/economy/policy/law-amendments-approved-by-gst-council-to-be-incorporated-in-the-finance-bill-cbic-chief/articleshow/111461801.cms>

SEBI raises investment cap to 25%: ETFs, Index Funds can invest more in group companies

Capital markets regulator SEBI has equity-oriented exchange-traded funds and index funds to invest beyond 25 per cent of the net assets. Earlier, mutual fund schemes were allowed to invest only 25 per cent of their net asset value in group companies of the sponsor. Streamlining regulations norms for passive funds exposure to securities of group companies of the sponsor, SEBI has amended the norms to provide a level playing field.

<https://www.thehindubusinessline.com/markets/sebi-raises-investment-cap-to-25-etfs-index-funds-can-invest-more-in-group-companies/article68363365.ece>

Industry

Automobile industry should increase private investment: Anand Mahindra

Anand Mahindra, Chairman of Mahindra & Mahindra Ltd, has urged the automobile industry to increase private investment. Stating that the work requirement among young people is soaring, he said private investment is key to capitalising our demographic dividend. "There is a good supply of labour. The need for jobs for young people, our demographic dividend, is high. Externally, too, conditions are working in our favour. It's time to seize the day. I would argue that the most important thing the industry can do at this critical juncture is to increase private investment. Private capital investment is the key to capitalising on this opportunity. It's a key driver of growth, jobs, and demand. After the economic reforms of the 1990s, it rose from around 10 per cent to around 27 per cent of GDP. However, from 2011-12 onwards, private investment as a percentage of GDP has been falling to a worrisome level. We need to remedy that situation," said Mahindra, chairman of Mahindra & Mahindra, in the company's annual report.

<https://www.thehindubusinessline.com/companies/automobile-industry-should-increase-private-investment-anand-mahindra/article68363724.ece>

Online food delivery to grow at 18 per cent y-o-y to ₹2-lakh crore segment by 2030

The Indian food services market is expected to double to about ₹9 lakh crore to ₹10 lakh crore, growing at 10-12 per cent year-on-year over the next seven years, a report released by Swiggy and Bain & Company noted. The market is currently pegged at about ₹5-lakh crore. At the same time, the online food delivery segment is expected to grow to 2.12 lakh crore by 2030, growing at a faster clip of 18 per cent year-on-year from the current ₹66,000 crore, it added.

<https://www.thehindubusinessline.com/companies/online-food-delivery-to-grow-at-18-per-cent-y-o-y-to-2-lakh-crore-segment-by-2030/article68363832.ece>

India's \$32 billion packaged food and beverage industry struggles with disclosures

Consumers should start taking efforts to read and understand the nutrition labelling of packaged food products. This is important for health reasons and to force companies to stop printing misleading claims, say experts. Some packed fruit juices contain less than 10% fruit pulp and several sugar-free foods have high fat content, they

point out. "Some manufacturers use labels to make incorrect and incomplete claims about their food products," states the dietary guidelines released by apex health research body Indian Council of Medical Research (ICMR) in May 2024. A report released by the Hyderabad-based National Institute of Nutrition (NIN) in May says, "Though the Food Safety and Standard Authority of India (FSSAI) has strict norms, the information presented in labels could be misleading."

<https://economictimes.indiatimes.com/small-biz/sme-sector/organic-and-natural-indias-32-billion-packaged-food-and-beverage-industry-struggles-with-disclosures/articleshow/111447390.cms>

Agriculture

ISMA urges govt to reconsider sugar exports on prediction of upto 36 lakh tons surplus in FY23-24

The Indian Sugar and Bio-Energy Manufacturers Association (ISMA), the apex body in the sugar and bio-energy industry in the country, has predicted a significant sugar surplus of upto 36 lakh tons for the current season. In light of this, ISMA has urged the government to re-consider permitting the export of surplus surge after due consideration of domestic demand and supply. "This will boost the financial liquidity of sugar mills and enable timely payments to cane farmers. ISMA believes that allowing exports will contribute to the smooth functioning of the sugar industry and foster economic stability," the apex body said in a statement.

<https://www.financialexpress.com/policy/economy-isma-urges-govt-to-reconsider-sugar-exports-on-prediction-of-upto-36-lakh-tons-surplus-in-fy23-24-3542391/>

FCI wheat procurement hits 26.6 mn tn, surpassing last year's purchase

The Food Corporation of India (FCI) has procured 26.6 million tonnes of wheat during the current Rabi Marketing Season (RMS) 2024-25, surpassing last year's figure of 26.2 million tonnes, the government said on Wednesday. The procurement, which began earlier than usual this year, has benefited more than 2.2 million farmers who received about Rs 61 lakh crore directly in their bank accounts as payment at the Minimum Support Price (MSP), it said in a statement.

<https://economictimes.indiatimes.com/news/economy/agriculture/fci-wheat-procurement-hits-26-6-mn-tn-surpassing-last-years-purchase/articleshow/111465781.cms>

Infrastructure

HUA ministry extends deadline for Smart Cities Mission till March 2025

The Union housing and urban affairs ministry on Wednesday said it has extended the deadline for the Smart Cities Mission till March 2025, allowing cities to complete ongoing projects, which account for around 10 per cent of the total projects. In a statement, the ministry said the mission has been getting multiple requests from some states to grant some more time to complete the remaining projects. These projects are in the advanced stage of implementation and got delayed due to various on-ground conditions, the statement said.

<https://economictimes.indiatimes.com/news/economy/infrastructure/hua-ministry-extends-deadline-for-smart-cities-mission-till-march-2025/articleshow/111465420.cms>

Office leasing surges to new record in first half of 2024

The Indian office property market has demonstrated robust performance in the first half of the year, driven by a resurgence in economic activity and a notable increase in corporate occupancies, reflecting the sector's resilience and the overall positive business environment. Steered by technology and banking, financial services and insurance activity-related global capability centres (GCCs) marked a strong return in the second quarter, taking the performance of January-June to a record high.

<https://economictimes.indiatimes.com/industry/services/property/-cstruction/office-leasing-surges-to-new-record-in-first-half-of-2024/articleshow/111467800.cms>

Institutional investments in realty hit three-year high

Institutional investments in India's real estate sector touched a three-year high of \$2.5 billion in the June quarter backed by robust activity in the industrial and warehousing, and residential segments, according to Colliers, a global real estate consulting firm. The industrial and warehousing segment accounted for 61% of total investments at \$1.5

billion, Colliers said in its latest report. Institutional investment in this segment soared 11 times from Q2 2023, led by select large deals.

<https://economictimes.indiatimes.com/industry/services/property/-/cstruction/institutional-investments-in-realty-hit-three-year-high/articleshow/111467772.cms>

Energy

Govt directs utilities to procure \$33 bn equipment for coal power boost

India has asked power companies to order equipment worth \$33 billion this year to fast track capacity additions of coal-fired power in the years ahead, as the South Asian nation struggles to meet booming electricity demand, two government officials said. The unprecedented move by the government, which would result in record tendering in a year for the equipment by major power firms such as state-run NTPC and SJVN as well as by private companies Adani Power and Essar Power, will help add 31 gigawatts (GW) in the next 5-6 years, the sources said.

https://www.business-standard.com/industry/news/govt-directs-utilities-to-procure-33-bn-equipment-for-coal-power-boost-124070300514_1.html

India's power demand surge may require national electricity plan revision

India's power sector is experiencing a significant surge in demand, with projections indicating that peak power consumption could reach an unprecedented 260 gigawatts (GW) during September or October this year. This marks a 20 per cent increase in just two years, necessitating potential revisions to the National Electricity Plan (NEP) 2022-27, revealed Power Secretary Pankaj Agarwal, according to a report by the Financial Express. Agarwal said that the current NEP might need updating to address the new demand forecasts, with the government now anticipating the country's peak power demand to hit 400 GW by 2031-32, exceeding the previously projected 384 GW.

https://www.business-standard.com/india-news/india-s-power-demand-surge-may-require-national-electricity-plan-revision-124070300434_1.html

India's solar output grows at slowest pace in six years in first half of 2024

India's solar power generation grew at the slowest pace in six years in the first half of 2024, an analysis of data from the federal grid regulator showed, as the country further stepped up reliance on coal to address surging power demand.

<https://economictimes.indiatimes.com/industry/renewables/indias-solar-output-grows-at-slowest-pace-in-six-years-in-first-half-of-2024/articleshow/111473446.cms>

India's biggest concentrated solar tender likely this year

Solar Energy Corporation of India (SECI) plans to issue a 500-megawatt (MW) tender for concentrated solar thermal capacity, chairman and managing director RP Gupta said on Wednesday, in what will be the biggest such tender in the country. The tender will be issued by the end of this fiscal, Gupta said. SECI is the nodal agency for implementing the government's renewable energy projects. "There have been solar thermal tenders but not of this scale," Gupta told reporters on the sidelines of India Energy Storage Week 2024 organised by India Energy Storage Alliance.

<https://economictimes.indiatimes.com/industry/renewables/indias-biggest-concentrated-solar-tender-likely-this-year/articleshow/111467671.cms>

Telecom

Telecom tariff hike: Govt, regulator won't intervene in matter

The government and the telecom regulator have no intention to intervene in telcos' decision to increase prices, with officials saying that the tariffs in India are still among the cheapest in the world. Authorities though want the companies to ramp up their focus on quality of services. "There is enough competition in the telecom sector and the situation is not critical that requires intervention of the authorities. Consumers may feel some pinch of the price rise, but the hike has happened after three years," one of the officials told ET, asking not to be named.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/telecom-tariff-hike-govt-regulator-wont-intervene-in-matter/articleshow/111468095.cms>

External

India aims to clock \$2 trillion goods and services exports by 2030

India aims to clock \$2 trillion goods and services exports by 2030 amid the Red Sea crisis and two ongoing wars. Ecommerce exports are growing rapidly and those done through the postal and courier routes are pegged at \$1.5 billion. ET looks at the export sector's budget wishlist and the challenges it faces.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-aims-to-clock-2-trillion-goods-and-services-exports-by-2030/articleshow/111467412.cms>

Govt may reduce floor price for basmati rice exports

The government is likely to consider reducing the minimum exports duty (MEP) of \$950/tonne dollar imposed last year in shipment of basmati rice, as global prices of some varieties of aromatic rice has already fallen below MEP because of robust supplies, and high carry-over stocks. Exporters said higher MEP could adversely impact the domestic procurement of basmati rice paddy for the next season and hit farmers' income. Prices of Indian varieties Pusa 6 and Pusa 1509 are currently ruling around \$ 750/tonne-\$ 800/tonne, the same level as Pakistan sells similar items.

<https://www.financialexpress.com/policy/economy-govt-may-reduce-floor-price-for-basmati-rice-exports-3541698/>

India initiates anti-dumping probe into import of Chinese lift guide rails

India has initiated an anti-dumping probe into the import of Chinese lift guide rails following a complaint by a domestic player. The duty is aimed at protecting the domestic industry from cheap imports. The commerce ministry's investigation arm Directorate General of Trade Remedies (DGTR) is probing the alleged dumping of 'T-Shaped Elevator/Lift Guide Rails and Counterweight Guide Rails' from China.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-initiates-anti-dumping-probe-into-import-of-chinese-lift-guide-rails/articleshow/111463881.cms>