



July 05, 2024 – Friday

Economy

New PPI model in works, govt working on WPI base revision: DPIIT secretary

The government is working on a new model of the producer price index (PPI) to efficiently capture input prices in the economy, Department for Promotion of Industry and Internal Trade (DPIIT) secretary Rajesh Kumar Singh said Thursday. He also said the government is working towards changing the base year of the wholesale price index (WPI) from 2011-12 at present. Going ahead, the government plans to move from the WPI to PPI, in sync with most G20 economies.

<https://economictimes.indiatimes.com/news/economy/policy/new-ppi-model-in-works-govt-working-on-wpi-base-revision-dpiit-secretary/articleshow/111492971.cms>

Unemployment rate rises to 8-month high of 9.2% in June: CMIE data

The unemployment rate rose to an eight-month high of 9.2 per cent in June 2024, up from 7 per cent in the previous month. It was 8.5 per cent in June 2023, according to data from the Centre for Monitoring Indian Economy (CMIE). The numbers are based on the Consumer Pyramids Household Survey that CMIE conducts periodically. The unemployment rate measures the number of people who are unemployed and actively looking for a job among those in the labour force.

https://www.business-standard.com/economy/news/unemployment-rate-rises-to-8-month-high-of-9-2-in-june-cmie-data-124070400250_1.html

Govt to bring back income-based poverty estimate, NITI Aayog to play nodal role

A new indicator to measure “extreme poverty” is likely to be developed by NITI Aayog after consultations with several ministries, official sources told FE. The think-tank is expected to form a committee to first fix a threshold income level, which can be used to measure extreme poverty, and then formulate a methodology to measure it on a periodic basis, an official said.

<https://www.financialexpress.com/policy/economy-govt-to-bring-back-income-based-poverty-estimate-niti-aayog-to-play-nodal-role-3542924/>

Avoid arbitration, use mediation to settle contract disputes: FinMin

The finance ministry has asked various ministries, departments and public sector enterprises to avoid the arbitration process in their future contract and use the mediation to settle any disputes. It has also advised various ministries and departments to form a high level committee consisting of a retired judge, a retired high ranking officer and a technical expert for mediation in case of ongoing contract dispute and settle the matter amicably. The move is another attempt by the government to reduce insignificant litigation and to de-clog the Judiciary. “Government departments/ entities/ agencies should avoid and/ or amicably settle as many disputes as possible using mechanisms available in the contract,” said a recently released guidelines issued by the department of expenditure regarding arbitration and mediation in contracts of domestic public procurement.

<https://economictimes.indiatimes.com/news/economy/policy/avoid-arbitration-use-mediation-to-settle-contract-disputes-finmin/articleshow/111494915.cms>

Finance

Finance Ministry notifies 7.1 per cent as interest rate for Special Deposit Scheme in July-September

The Finance Ministry has said that deposits made under the Special Deposit Scheme (SDS) for non-government provident, superannuation and gratuity funds would earn 7.1 per cent interest from July 1 to September 30. The rates remain unchanged from the April-June quarter.

<https://www.thehindubusinessline.com/economy/finance-ministry-notifies-71-per-cent-as-interest-rate-for-special-deposit-scheme-in-july-september/article68367882.ece>

Budget Watch: FinMin confident of sticking to fiscal deficit of 5.1% of GDP

The government reported a fiscal surplus in May to the tune of around Rs 1.6 trillion and revenue surplus of around Rs 2 trillion, thanks to more than double surplus transfer from the Reserve Bank of India (RBI) over what was pegged for this head and dividend from Public Sector Banks (PSBs) together for 2024-25 in the interim Budget, robust tax revenues and capex compression. At the outset, this showed that the government is in a comfortable position to retain or better fiscal deficit targets given in the interim Budget for 2024-25.

https://www.business-standard.com/budget/news/budget-watch-finmin-confident-of-sticking-to-fiscal-deficit-of-5-1-of-gdp-124070300079_1.html

Group representing NBFCs seeks revisit of membership norm for SRO

The Finance Industry Development Council (FIDC) has requested the central bank to reconsider the membership guidelines for self-regulatory organisations (SROs) for non-banking financial companies (NBFCs). The industry association wants the stipulation that 10 per cent of the membership be drawn from the base-layer of NBFCs to be narrowed only to firms that provide loans and have direct customer interface. Additionally, a clarification has been sought as to whether an NBFC can be a member of more than a single SRO. FIDC has sought a meeting with the Reserve Bank of India (RBI) on these issues.

https://www.business-standard.com/finance/news/group-representing-nbfc-seeks-revisit-of-membership-norm-for-sro-124070400195_1.html

RBI bumper payout to curb major divestments, govt keeps Rs 50k cr target

The record Rs 2.1 lakh crore dividend payout by the Reserve Bank of India will limit the need for big-ticket divestment, a domestic rating agency said on Thursday. Care Ratings said the new government will retain the interim budget's Rs 50,000 crore target on receipts from divestments. "With a bumper dividend from the RBI, the central government's fiscal position remains comfortable, which may limit the urgency to push ahead with big-ticket divestments," it said.

https://www.business-standard.com/economy/news/rbi-bumper-payout-to-curb-major-divestments-govt-keeps-rs-50k-cr-target-124070400840_1.html

DPIIT seeks Angel tax, inverted duty removal in Budget

Ahead of the Budget 2024 later this month, the Department for Promotion of Industry and Internal Trade (DPIIT) has recommended the removal of the contentious Angel Tax for startups secretary Rajesh Kumar Singh said Thursday. He also said the department has proposed phasing out of the inverted duty structure and high tariff on inputs in sectors such as electronics.

<https://economictimes.indiatimes.com/news/economy/policy/dpiit-seeks-angel-tax-inverted-duty-removal-in-budget/articleshow/111492879.cms>

Centre sacrificed large amount of GST revenue to compensate states: Former CEA Subramanian

The Centre has sacrificed a large portion of revenue from Goods and Services Tax (GST), up to 1 per cent of GDP, every year since the rollout of the new indirect tax regime to fund a 14 per cent compensation guarantee provided to states, former Chief Economic Advisor Arvind Subramanian said on Thursday. Subramanian, who was actively involved in the implementation of the GST regime, also said that it would not be advisable at this point in time to bring petrol and alcohol under the GST.

<https://economictimes.indiatimes.com/news/economy/finance/centre-sacrificed-large-amount-of-gst-revenue-to-compensate-states-former-cea-subramanian/articleshow/111493775.cms>

Private sector fuels NPS boom, records 40.1% y-o-y growth at ₹2.47-lakh crore as of June 29

Driven by buoyant equity markets and an expanding NPS subscriber base in the private sector, National Pension System (NPS) assets, including those of APY, approached the ₹12.50-lakh crore mark as of June 29, latest PFRDA data showed.

<https://www.thehindubusinessline.com/economy/private-sector-fuels-nps-boom-records-401-y-o-y-growth-at-247-lakh-crore-as-of-june-29/article68367646.ece>

Industry

Govt to extend easy visa rules to all PLI sector companies: DPIIT secretary

The government is working towards streamlining the application process for Indian business visas for companies that are not beneficiaries under the production-linked incentive (PLI) scheme but have set up manufacturing units across the 14 sectors covered under the scheme. "We have already got a streamlined process for PLI beneficiaries. We're trying to get it extended to other non-PLI beneficiaries, which are operating in those same strategic sectors. We are in the process of drawing up a similar streamlined process for those kinds of non-PLI beneficiaries in the PLI sector as well," Department for Promotion of Industry and Internal Trade (DPIIT) secretary Rajesh Kumar Singh said on Thursday. DPIIT comes under the Ministry of Commerce and Industry.

https://www.business-standard.com/industry/news/easier-visa-norms-to-be-extended-to-non-pli-manufacturers-dpiit-secretary-124070400790_1.html

Chinese smartphone giants seek Indian partnerships amid govt push

Several major Chinese smartphone manufacturers Vivo, Oppo, and Xiaomi are in discussions to collaborate with Indian companies for manufacturing and distributing their products in the country, according to a report by Mint. This move follows earlier attempts to establish joint ventures with Indian partners, which did not materialise. The Indian government has been nudging foreign companies to partner with local firms under its 'Make in India' initiative. However, major Indian conglomerates, who could be potential equity partners, prefer to set up their own manufacturing operations. These operations would be akin to local electronics manufacturing services or large global contract manufacturers, allowing them to produce multiple brands and potentially engage in exports.

https://www.business-standard.com/industry/news/chinese-smartphone-giants-seek-indian-partnerships-amid-govt-push-124070400373_1.html

FMCG sector to report revenue growth of 7-9% this fiscal on rural demand revival, steady urban demand

The fast-moving consumer goods (FMCG) sector is expected to report a revenue growth of 7-9 per cent this fiscal year, said a report by CRISIL Ratings. This, it added, will be supported by an expected revival in rural demand and steady urban demand. This follows an estimated 5-7 per cent growth in fiscal 2024. Product realisations are expected to grow in low single digits with marginal rise in prices of key raw materials for the food and beverages (F&B) segment. That said, key raw material prices for personal care (PC) and home care (HC) segments are seen to be stable.

<https://www.financialexpress.com/business/industry-fmcg-sector-to-report-revenue-growth-of-7-9-this-fiscal-on-rural-demand-revival-steady-urban-demand-3543455/>

Cement volume growth expected to remain muted at 3% in Q1: ICRA

Rating agency ICRA expects cement volume growth in the June quarter to remain muted at 2-3 per cent year-on-year due to a slowdown in construction activities because of the General Elections. However, it is expected to bounce back and rise by a healthy 7-8 per cent in FY25, driven by healthy demand from the infrastructure and housing sectors. The Government's focus on infrastructure projects, the sanction of additional houses under the Pradhan Mantri Awas Yojana and industrial capex are expected to meaningfully improve cement volume offtake in the second half of this fiscal year.

<https://www.thehindubusinessline.com/economy/cement-volume-growth-expected-to-remain-muted-at-3-in-q1-icra/article68366583.ece>

45-day SME payment rule aims to ease working capital issues, faces hiccups

It has been three months since the 45-day payment rule for micro and small enterprises (SMEs) was implemented. Introduced last year through the Finance Act of 2023, the rule, which came into effect on April 1, aims to address the working capital shortages that SMEs face by ensuring they get paid within a stipulated timeframe. This amendment to the Income Tax Act, brought about through Section 43B(h), mandates companies to settle payments to SMEs within 45 days. Failure to do so results in a denial of tax deduction on the overdue amount until the payment is made.

https://www.business-standard.com/industry/news/45-day-sme-payment-rule-aims-to-ease-working-capital-issues-faces-hiccups-124070400907_1.html

Steel body wants merger of three Companies with SAIL for synergy

The Steel Executives Federation of India (SEFI) has urged the steel ministry to merge state-run Rashtriya Ispat Nigam Limited (RINL), Ferro Scrap Nigam Limited (FSNL) and Nagarnar steel plant with the Steel Authority of India Limited (SAIL), bringing together the expertise of each of these firms to form a mega public sector undertaking. The federation, which represents SAIL, RINL, MECON Ltd, NMDC Iron and Steel Plant and National Mineral Development Corporation, asked the government to consider "the merger of these national assets instead of privatisation".

<https://economictimes.indiatimes.com/industry/indl-goods/svs/steel/steel-body-wants-merger-of-three-companies-with-sail-for-synergy/articleshow/111495780.cms>

PESO to draft safety norms for petrol pumps near habitation, says Goyal

Commerce and industry minister Piyush Goyal has directed PESO to formulate template of safety measures to allow petrol pumps to operate in areas with habitation within 30-50 metres. Petroleum and Explosives Safety Organisation (PESO), a subordinate office under DPIIT, plays a pivotal role in administering regulatory frameworks established under the Explosives Act, 1884 and Petroleum Act, 1934. The minister also announced 80 per cent concession for women entrepreneurs and 50 per cent for MSMEs in licensing fees for licences granted by PESO.

https://www.business-standard.com/industry/news/peso-to-draft-safety-norms-for-petrol-pumps-near-habitation-says-goyal-124070400818_1.html

Agriculture

Agri trade on e-NAM platform crosses Rs 18,990-crore in Q1

With more states opening up or facilitating trade of agricultural commodities on the government's electronic – National Agriculture Market (e-NAM), trade on the digital wholesale platform in the first quarter of the current fiscal crossed Rs 18,990 crore, up 12% on year. Sources told FE that there has also been a significant spurt in inter-mandi and inter-state trading of agri-commodities on the digital platform, even though on a very low base.

<https://www.financialexpress.com/business/industry-agri-trade-on-e-nam-platform-crosses-rs-18990-crore-in-q1-3542901/>

Tomato prices skyrocket in on tight supply

Tomato prices have risen sharply, touching Rs 80 per kg in some retail markets after heavy rains in Himachal Pradesh damaged road network in the Himalayan state, reducing supplies to main consumption centres. The daily average retail price of tomato touched Rs 55 per kg on July 3 compared to Rs 35 a month ago, as per the price monitoring division of the consumer affairs ministry.

<https://economictimes.indiatimes.com/news/economy/agriculture/tomato-prices-skyrocket-in-on-tight-supply/articleshow/111495483.cms>

Infrastructure

Office transactions hit record highs in H1 2024: Knight Frank India

The office market activity in India hit a record 34.7 million square feet in the first half of 2024 (H1 2024), marking a 33 per cent annual growth from 26.1 million square feet in H1 2023, across eight major cities, according to Knight Frank India's flagship report on India Real Estate - Office and Residential Market (H1 2024). The report, which

presents an analysis of the residential and office market performance across eight major cities for the January to June 2024 period, revealed that Bengaluru remained the largest office market with transactions of 8.4 million square feet, accounting for 26 per cent of total office volume transactions across the country.

https://www.business-standard.com/industry/news/office-transactions-hit-record-highs-in-h1-2024-knight-frank-india-124070400495_1.html

Cargo traffic across 12 major Indian ports surges 6.8 % to 69.8 MT in June

Cargo traffic across 12 major Indian ports rose 6.8 per cent to 69.08 million tonnes (MT) in June from 64.69 MT in the year-ago month, with 10 ports showing positive growth while the remaining two witnessed a decline. Jawaharlal Nehru Port in Maharashtra recorded the highest growth in cargo handling at 15.12 per cent during the reporting month, followed by Cochin Port with 15.12 per cent, Kamarajar Port (10.70 per cent), Deendayal Port (8.57 per cent) and New Mangalore Port (8.53 per cent), according to the data released by the major ports' apex body Indian Ports Association (IPA).

https://www.business-standard.com/industry/news/cargo-traffic-across-12-major-indian-ports-surges-6-8-to-69-8-mt-in-june-124070400701_1.html

Railways to make 10,000 non-AC coaches over FY25 and FY26

The Indian Railways is likely to roll out about 10,000 non-air-conditioned coaches during this financial year and 2025-26, according to officials. About 53% of the 10,000 coaches would be general coaches, ensuring that the railways meets the travel needs of common passengers, they said. The annual coach production programme considers the country's dynamic demand for rail service, driven by factors such as seasonal variations and increase in passenger traffic before deciding the kind and number of many coaches required to be manufactured in a financial year.

<https://economictimes.indiatimes.com/industry/transportation/railways/railways-to-make-10000-non-ac-coaches-over-fy25-and-fy26/articleshow/111495746.cms>

Government to soon come out with a new shipbuilding, repair policy

The shipping ministry will soon come up with a new shipbuilding and repair policy under the 100-day action plan, a top government official said on Thursday. Maritime India Vision 2030 (MIV 2030) aims to move India's shipbuilding and ship repair ranking into the top 10 globally while Amrit Kaal Vision 2047 sets an even more ambitious goal of reaching the top five.

<https://economictimes.indiatimes.com/industry/transportation/shipping/-/transport/government-to-soon-come-out-with-a-new-shipbuilding-repair-policy/articleshow/111494229.cms>

Regional airports found wind beneath their wings in FY24

Air travel in India's hinterland recorded a surge last fiscal, according to data from the civil aviation ministry, driven by government schemes and expansion of services into unserved and underserved areas by some airlines. At the country's regional airports, the number of air travellers jumped between 30% and 702% in FY24 from the previous year. The airport in Diu, operational since 2018, saw passenger traffic increase by 65% to 66,252. Flights operated by IndiGo to Ahmedabad and Surat from Diu had an average passenger load factor (PLF), or passenger carrying capacity, of 69%, according to the ministry's data, which ET has reviewed.

<https://economictimes.indiatimes.com/industry/transportation/airlines/-aviation/regional-airports-found-wind-beneath-their-wings-in-fy24/articleshow/111495943.cms>

Energy

LNG imports set to slump as monsoon hits power demand: S&P analyst

India's booming liquefied natural gas imports are likely to slow as cooler weather due to monsoon rains crimps electricity demand and increases in hydropower crowd out expensive gas-fired generators. "Electricity demand won't be as high as it was in May and June, which is the prime driver of higher LNG imports," said Ayush Agarwal, LNG analyst at S&P Global Commodity Insights.

https://www.business-standard.com/industry/news/lng-imports-set-to-slump-as-monsoon-hits-power-demand-s-p-analyst-124070400706_1.html

Coal recorded 10.2 pc growth among eight key infra sectors in May

The coal sector has registered a growth of 10.2 per cent among all eight core industries of the economy in May, the government said on Thursday. The index of coal industry has reached 184.7 points during May as compared to 167.6 points during the same month last year. "The coal sector has demonstrated highest growth of 10.2 per cent (provisional), following the electricity industry among the eight core industries for the month of May, 2024 as per the Index of Eight Core Industries (ICI) (Base Year 2011-12) released by Ministry of Commerce & Industries," the coal ministry said in a statement.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/metals-mining/coal-recorded-10-2-pc-growth-among-eight-key-infra-sectors-in-may/articleshow/111494042.cms>

Norms issued for funding of testing facilities, infra for National Green Hydrogen Mission

The ministry of new and renewable energy has issued guidelines for funding of testing facilities, infrastructure, and institutional support for development of standards and regulatory framework under the National Green Hydrogen Mission. The norms will support identification of the gaps in the existing testing facilities for components, technologies, and processes in the value chain of green hydrogen and its derivatives. It will also support creation of new testing facilities and upgradation of existing testing facilities to ensure safe and secure operations.

<https://economictimes.indiatimes.com/industry/renewables/norms-issued-for-funding-of-testing-facilities-infra-for-national-green-hydrogen-mission/articleshow/111495906.cms>

Telecom

Tariff hike by telcos to improve ARPU by 15% to Rs 220 in FY25, says CareEdge

The tariff hike taken by India's leading telecom players in the range of 10-25 per cent is expected to improve their blended average revenue per user (ARPU) by about 15 per cent to Rs 220 in current fiscal 2025 from around Rs 191 in the fiscal 2024, said CareEdge Ratings. After a two and a half year hiatus, the top three telecom players, that is, Reliance Jio, Bharti Airtel, Vodafone Idea (Vi), earlier last week, announced a substantial increase in tariffs across its prepaid and postpaid plans. While Reliance Jio hiked tariffs by 12-25 per cent on June 27, Bharti Airtel went for a 10-21 per cent increase on Friday, followed by 10-23 per cent hike by Vodafone Idea on the same day. Tariffs were last raised by the operators in November 2021 and before it in December 2019.

<https://www.financialexpress.com/business/industry-tariff-hike-by-telcos-to-improve-arpu-by-15-to-rs-220-in-fy25-says-careedge-3543631/>

States

Rajasthan tourism industry optimistic about state's civil aviation policy

Rajasthan's tourism industry is optimistic that the state government's new civil aviation policy will help their sector and other businesses too. The state cabinet on July 2 approved a policy to develop aviation training and maintenance services. The policy envisages opening flying schools in Kishangarh, Jhalawar and Bhilwara, and building a greenfield airport in Kota. An aerocity will also be developed in Jaipur, having infrastructure facilities such as hotels and restaurants. Cargo facilities will be started at various airports in the state and old airstrips will be repaired to make them airworthy again.

https://www.business-standard.com/industry/news/rajasthan-tourism-industry-optimistic-about-state-s-civil-aviation-policy-124070400846_1.html