



July 30, 2024 – Tuesday

Economy

'Govt debt may ease to 5-year low of 56.8% of GDP in current fiscal'

The central government's total debt is estimated to ease to a five-year low of 56.8% of the country's gross domestic product (GDP) in the current fiscal from 58.2% a year before, minister of state for finance Pankaj Chaudhary said Monday. In absolute terms, the debt, however, will rise to ₹185.27 lakh crore (budget estimate) in FY25 from ₹171.78 lakh crore last fiscal, Chaudhary said in a written reply in the Lok Sabha. The data include the Centre's external debt valued at the current exchange rate and other liabilities.

<https://economictimes.indiatimes.com/news/economy/indicators/govt-debt-may-ease-to-5-year-low-of-56-8-of-gdp-in-current-fiscal/articleshow/112117245.cms>

Economy resilient, biz confidence improves in June: NCAER Report

High-frequency gauges suggest the economy remains resilient and the Business Confidence Index improved in the June quarter from the previous three months, the National Council of Applied Economic Research (NCAER) said in its July economic review. The NCAER-NSE Business Confidence Index increased to 149.8 in the June quarter, up from 138.2 in the January-March period, "indicating improvement in business sentiments", it said.

<https://economictimes.indiatimes.com/news/economy/indicators/economy-resilient-biz-confidence-improves-in-june-ncaer-report/articleshow/112117384.cms>

Hiring in power, energy sector in country witnesses 9% growth in H1FY25

Hiring activity in the power and energy sector increased by 9.01 per cent in the first half of this financial year (H1FY25) compared to the same period last year, as the country works towards achieving net-zero emissions by 2070, a report has stated. India's energy sector is undergoing a significant transformation in line with the nation's commitment to achieving net-zero emissions by 2070. This is reflected in the impressive 9.01 per cent net employment change in the power and energy sector, indicating a move towards a low-carbon future driven by significant government initiatives, according to TeamLease Services 'Employment Outlook Report' for H1FY25.

https://www.business-standard.com/economy/news/hiring-in-power-energy-sector-in-country-witnesses-9-growth-in-h1fy25-124072900836_1.html

About 30% GenAI projects may shut down by 2025 end: Gartner report

Out of all the projects being undertaken currently in Generative Artificial Intelligence (GenAI), around 30 per cent are bound to be dropped by the end of 2025, owing to issues such as poor data quality, inadequate risk controls, escalating costs or unclear business value, according to a report by Gartner. "After last year's hype, executives are impatient to see returns on GenAI investments, yet organisations are struggling to prove and realise value. As the scope of initiatives widens, the financial burden of developing and deploying GenAI models is increasingly felt," said Rita Sallam, distinguished VP analyst, Gartner.

https://www.business-standard.com/industry/news/about-30-of-genai-projects-to-shut-down-after-poc-stage-by-2025-gartner-124072901121_1.html

Finance

Reserve Bank of India warns of cyber security, frauds due to digitization

The Reserve Bank of India (RBI) report on Currency and Finance – 2023-24 has cautioned against risks related to cybersecurity and frauds due to increase in digitisation along with risks to financial stability. However, it has acknowledged benefits like innovation, expanding access, enhancing competition and reducing intermediation costs, among others. “Amid several benefits, ... digitisation also brings new challenges in terms of complex financial products, greater interconnectedness, cybersecurity risks, financial frauds, and customer protection, with implications for macrofinancial stability,” the report said.

https://www.business-standard.com/finance/news/rbi-warns-of-cyber-security-risks-and-fraud-due-to-digitalisation-124072901315_1.html

FM Nirmala Sitharaman to review performance of RRBs after Budget session

Union Finance Minister Nirmala Sitharaman will review the performance of regional rural banks (RRBs) after the Budget session of Parliament, according to two people familiar with the matter. “The finance minister will review the performance of RRBs after August 13. The review will include discussions on enhancing the digital capabilities of RRBs,” said a senior government official. The RRBs were established in 1975 under the provisions of the Ordinance promulgated on September 26, 1975, and the Regional Rural Banks Act, 1976.

https://www.business-standard.com/economy/news/fm-nirmala-sitharaman-to-review-performance-of-rrbs-post-budget-session-124072901104_1.html

PSBs charged Rs 2k cr in FY24 for not keeping minimum balance

State run banks have charged depositors ₹2,331 crore penalty for non-maintenance quarterly or monthly average balance in FY24, the minister of state in the finance ministry, Pankaj Chaudhary informed the Lok Sabha. This is 25% higher than the amount charged by banks in the previous year.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/psbs-charged-rs-2k-cr-in-fy24-for-not-keeping-minimum-balance/articleshow/112117290.cms>

Govt considers reintroducing 15% concessional corporate tax in FY26 Budget

The Government of India is evaluating the impact of the 15 per cent concessional corporate tax rate scheme for new manufacturing units, which ended on March 31, 2024, to determine whether it should be reintroduced, according to a report by The Financial Express (FE). The scheme was introduced in 2019 and was aimed at boosting private investment in the manufacturing sector by offering a competitive tax regime, in line with the ‘Make in India’ initiative.

https://www.business-standard.com/budget/news/govt-considers-reintroducing-15-concessional-corporate-tax-in-fy26-budget-124072900265_1.html

SEBI plans to bring more ‘connected persons’ within insider norms

The Securities and Exchange Board of India (SEBI) on Monday floated a consultation paper to broaden the scope of connected persons under the Prohibition of Insider Trading Regulations.

<https://www.thehindubusinessline.com/markets/sebi-plans-to-bring-more-connected-persons-within-insider-norms/article68461177.ece>

Industry

MoD and NSE collaborate to empower MSMEs in defence sector with capital market access

The Ministry of Defence (MoD) and the National Stock Exchange of India Limited (NSE) on Monday signed a Memorandum of Understanding (MoU) to facilitate capital market access for micro, small, and medium enterprises (MSMEs) for fund raising. The move comes after the stocks of major defence companies, whether government-owned or private, have been trading well on the bourses in the last couple of years since the government’s *aatmanirbharta* push in the military sector. “The MoU intends to facilitate MSMEs in the defence sector to raise productive capital for their growth plan in an efficient and transparent manner through NSE platform ‘NSE Emerge’.” The platform offers new and viable options for raising equity capital from diversified set of investors,” the MoD said in a statement.

<https://www.thehindubusinessline.com/markets/mod-and-nse-collaborate-to-empower-msmes-in-defence-sector-with-capital-market-access/article68461228.ece>

MSMEs get a helping hand in Budget but challenges in financing remain

“The universe of companies on platforms like ours will go up. Now, as far bank funding is concerned, we will have to wait for the central bank’s guidelines,” says Ketan Gaikwad, managing director (MD) and chief executive officer (CEO), Receivables Exchange of India (RXIL). It is his way of putting it across that measures in the Union Budget for micro, small, and medium enterprises (MSMEs) have many moving parts. Consider the move to lower the turnover threshold for buyers to Rs 250 crore from Rs 500 crore on the Trade Receivables Discounting System (TReDS), an invoice discounting platform. It would bring an additional 22 central public sector enterprises and 7,000 companies into play, according to Finance Minister Nirmala Sitharaman.

https://www.business-standard.com/finance/news/msmes-get-a-helping-hand-in-budget-but-their-challenges-in-financing-remain-124072800578_1.html

Indians now hold 10-13% of leadership spots in global capability centres

Indian professionals now hold about 10-13 per cent of leadership positions within global capability centres (GCCs), marking a growing impact of India in international corporate frameworks, according to a report by Moneycontrol. Presently, around 100 Indian chief investment officers and senior vice-presidents are working in GCCs, earning salaries in the million-dollar range, according to a Moneycontrol report. According to ANSR Research and TeamLease Digital, this figure is projected to rise to around 150 by the end of 2024.

https://www.business-standard.com/industry/news/indians-now-hold-10-13-of-leadership-spots-in-global-capability-centres-124072900515_1.html

Rural green shoots visible, but FMCG firms watchful

Above-normal rainfall in July has set the tone for the monsoon season this year, the Indian Meteorological Department (IMD) said recently while indicating the progress of the rains, a critical factor for farmers and consumers in rural areas. Yet, fast-moving consumer goods (FMCG) companies remain watchful of its impact on the demand for their products in rural areas, in part due to inflation and real wage growth concerns, which have hurt consumption in the past. A report by Kantar has pointed to population growth rather than consumption growth driving rural demand between 2004 and 2023.

<https://www.financialexpress.com/business/industry-rural-green-shoots-visible-but-fmcg-firms-watchful-3567260/>

Agriculture

New districts identified: 35 for Tur cultivation and 13 for Urad

Stepping up efforts to help the country attain self-sufficiency in pulses, the government has identified 35 new districts for increasing cultivation of tur and 13 districts for urad for bringing more area under coverage of the two kharif (summer) pulses where it will distribute high-yielding varieties of seeds. India imported all major pulses, including tur, urad, masoor, chana and yellow peas, in 2023-24 due to low domestic production on account of erratic rainfall, spending around \$3.74 billion during the financial year.

<https://economictimes.indiatimes.com/news/economy/agriculture/new-districts-identified-35-for-tur-cultivation-and-13-for-urad/articleshow/112117184.cms>

Onion to stay on hot plate for a fortnight, say traders

Onion prices are expected to stay elevated at least for a fortnight as farmers are delaying sale of their harvest, expecting better prices as seen by a 50% drop in arrivals at the benchmark Lasalgaon market in Nashik. Arrival of the new crop from south India is likely to help soften onion prices from mid-August, say traders.

<https://economictimes.indiatimes.com/news/economy/agriculture/onion-to-stay-on-hot-plate-for-a-fortnight-say-traders/articleshow/112117482.cms>

Cottonseed oil prices likely to rise by Rs 5-6 per litre during festive season

A price increase of Rs 5-6 per litre in cottonseed oil is anticipated during the festive season due to heightened demand even though the cotton yield this season has surpassed expectations, industry officials said. Historically volatile, the sector has experienced stability over the past few months, a trend likely to persist for the next 3-4 months. This abundant supply has benefited consumers, stabilising prices of this essential commodity.

<https://economictimes.indiatimes.com/news/economy/agriculture/cottonseed-oil-prices-likely-to-rise-by-rs-5-6-per-litre-during-festive-season/articleshow/112103257.cms>

Infrastructure

NHAI sets up an asset monetisation cell; aims to achieve over Rs 50,000 crore monetisation target for 2024-25

The National Highways Authority of India (NHAI) has set up an asset monetisation cell to drive its future monetisation plans besides overseeing the monetisation of completed and operational highways assets, ensuring efficient and effective implementation of asset monetisation strategies. NHAI member (finance) will head the cell which would comprise of contractual and regular employees specializing in finance, technical, techno finance, commercial and transport economics, the NHAI said in a circular issued on Monday.

<https://economictimes.indiatimes.com/news/economy/infrastructure/nhai-sets-up-an-asset-monetisation-cell-aims-to-achieve-over-rs-50000-crore-monetisation-target-for-2024-25/articleshow/112116244.cms>

Energy

India's power generation capacity rose to 4.46 GW in last decade: Govt

India's total installed power generation capacity has grown around 80 per cent over the last 10 years to 446,190 MW (4.46 GW) in June 2024, Parliament was informed on Monday. The installed capacity, which was 248,554 MW in March 2014, reached 446,190 MW in June, the Union Minister of State for Power Shripad Naik said. In a reply to the Rajya Sabha, he said the installed capacity of coal-based power has increased from 139,663 MW in March 2014 to 210,969 MW in June 2024.

https://www.business-standard.com/economy/news/india-s-power-generation-capacity-rose-to-4-46-gw-in-last-decade-govt-124072900693_1.html

India has potential to export 15 mn tonnes coal to its neighbours: Study

India has a potential to export 15 mn tonnes of coal to its neighbouring countries like Nepal and Bangladesh, according to a study. By promoting exports, increasing domestic production, and facilitating import substitution, the country aims to achieve self-reliance, strengthen energy security and support the growth of the coal sector. "According to a study conducted by IIM Ahmedabad, there may exist potential of exporting 15 MT to the...neighbouring countries," the coal ministry said in a statement. The country has a capacity to export 8 mn tonnes (MT) of coal to Bangladesh, 3 MT to Myanmar, 2 MT to Nepal and 2 MT to others.

https://www.business-standard.com/industry/news/india-has-potential-to-export-15-mn-tonnes-coal-to-its-neighbours-study-124072900851_1.html

No plan to mandate blending of ethanol with diesel: Hardeep Singh Puri

The government on Monday said the blending of ethanol with diesel is still at an experimental stage, and there is no plan, at present, to mandate it, as initial tests showed the formation of deposits in fuel tanks and other implications. Replying to a supplementary question in the Rajya Sabha on whether the Centre plans to mandate the blending of ethanol with diesel, Minister for Petroleum and Natural Gas Hardeep Singh Puri said, "The issue of blending ethanol with diesel is still at an experimental stage, and I can say categorically that at present there is no plan to mandate".

https://www.business-standard.com/industry/news/no-plan-to-mandate-blending-of-ethanol-with-diesel-hardeep-singh-puri-124072900732_1.html

States

Rs 1,750 cr released for several Andhra backward districts

The Central government has released Rs 1,750 crore under the Andhra Pradesh Reorganisation Act (APRA) for the development of seven backward districts of the state, minister of state for finance Pankaj Chaudhary told the Lok

Sabha on Monday. In a written reply to a question, Chaudhary, however, said the state government has submitted fund utilization certificates of only Rs 1,049.34 crore. As per rules, utilisation certificates are to be submitted on time for obtaining further instalments of central funds.

<https://economictimes.indiatimes.com/news/economy/policy/rs-1750-cr-released-for-several-andhra-backward-districts/articleshow/112117506.cms>

Healthcare

Govt plans crackdown on lookalike drug brands

Drug manufacturers are likely to face increasing scrutiny of their branding practices, as the government plans to crack down on lookalike and soundalike brand names of medicines that it believes cause confusion and pose serious risk to patient safety. According to people in the know, the government is likely to consider as valid only the brand names which were approved first by the regulator. Other same or similar sounding and lookalike brands will not be allowed to be marketed. Drug makers will soon be asked to upload formulation details along with the brand names of their products on the government's portal.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals/govt-plans-crackdown-on-lookalike-drug-brands/articleshow/112116786.cms>

External

Key export scheme norms simplified for ease of business

To make it easier for exporters to do business, the government has simplified the Export Promotion Capital Goods (EPCG) scheme which allows import of capital goods at zero customs duty against an obligation to export. As per a public notice issued by the Directorate General Of Foreign Trade (DGFT), exporters will now get additional time to submit installation certificates for imported capital goods, reducing pressure on businesses to meet timelines.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/key-export-scheme-norms-simplified-for-ease-of-business/articleshow/112117220.cms>

Customs duty cut on silver likely to give temporary relief to govt

The steep cut in Customs duty on silver in the FY25 Budget to 6 per cent from 15 per cent may provide the government temporary relief by checking the spurt in silver imports from the United Arab Emirates (UAE) under the Comprehensive Economic Partnership Agreement (CEPA). In FY24, silver imports from the UAE jumped to \$1.7 billion from only \$11.18 million in FY23, according to commerce department data. In May, about 87 per cent of India's silver imports came from Dubai.

https://www.business-standard.com/economy/news/customs-duty-cut-on-silver-may-temporarily-check-import-surge-from-uae-124072901309_1.html

Govt allows 1,000 MT non-basmati white rice export to Namibia

The government on Monday allowed the export of 1,000 metric tonnes of non-basmati white rice to Namibia. In a notification, the Directorate General of Foreign Trade (DGFT) said that exports are allowed through National Cooperative Exports Limited (NCEL).

<https://economictimes.indiatimes.com/news/economy/foreign-trade/govt-allows-1000-mt-non-basmati-white-rice-export-to-namibia/articleshow/112111616.cms>

Negotiating teams to restart India FTA talks as soon as possible, says UK

The process of getting negotiating teams back in the room will kick-start soon to deliver a Free Trade Agreement (FTA) with India, the UK's newly elected Labour government announced on Monday as it set out its trading priorities. Business and Trade Secretary Jonathan Reynolds spelt out his department's approach to international trade deals, which he said will put economic growth at the heart of the negotiations to achieve high-quality pacts that give British businesses access to international markets.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/negotiating-teams-to-restart-india-fta-talks-as-soon-as-possible-says-uk/articleshow/112112274.cms>

Cotton exports up 68 per cent at 26 lakh bales till June-end

India's cotton exports in the first nine months of marketing year 2023-24 were up 68 per cent at 26 lakh bales of 170 kg each compared with 15.50 lakh bales during the same period a year ago. Higher surplus coupled with demand from countries such as Bangladesh and Vietnam among others has led to a surge in exports of the Indian fibre crop.

<https://www.thehindubusinessline.com/economy/agri-business/cotton-exports-up-68-per-cent-at-26-lakh-bales-till-june-end/article68461145.ece>

Engineering exports rise 10.27% in June propped by machinery, vehicles, auto components, iron & steel products

Engineering exports gathered pace in June 2024 growing 10.27 per cent (year-on-year) to \$9.39 billion with a rise in shipments of electrical machinery, motor vehicles, products of iron and steel, auto components and parts, and Industrial machinery, according to an analysis done by industry body EEPC India.

<https://www.thehindubusinessline.com/economy/engineering-exports-rise-1027-in-june-propped-by-machinery-vehicles-auto-components-iron-steel-products/article68461298.ece>