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Economy

India needs to open economy further, privatise banks: Finance Commission chairman Arvind Panagariya

India needs to open its economy further, privatise banks and introduce factor market reforms to lift its growth beyond 6.5-7% levels, 16th Finance Commission chairman Arvind Panagariya said. The first cleanup happened under the Vajpayee government, and after that beginning in 2003-04, we began to grow about 8% in real terms, he said, adding that a lot of the macro reforms and micro reforms were done, but the banks by then had been in very good shape. "Private banks were okay even if they got a little bit of these NPA's and they took care of it themselves," he said, point out that the government did not have to invest taxpayers' money. "I think it is a very important part of the reform that's required," he said. He also emphasised the need to give more space to the private sector in the economy. "In spite of the expansion of the private sector, the overall economic activity in manufacturing remains heavily in the public sector," Panagariya said at launch of 'India@100', a book authored by K V Subramanian, Executive Director, International Monetary Fund (IMF) organised by FICCI.

<https://economictimes.indiatimes.com/news/economy/finance/india-needs-to-open-economy-further-privatise-banks-finance-commission-chairman-arvind-panagariya/articleshow/112355742.cms>

India mulls major cut to food weighting in new CPI basket

An Indian government panel tasked with revising the nation's consumer price index is considering a substantial cut in the weighting of food, according to a person familiar with the matter, a move that could curb inflation spikes in the South Asian nation. The panel, under the statistics ministry, is discussing a proposal to reduce the weight of food in the consumer price basket by as much as 8 percentage points, according to the person, who asked not to be identified as the discussions are private. The food and beverage category makes up 54.2% of the current CPI basket.

<https://economictimes.indiatimes.com/news/economy/indicators/india-mulls-major-cut-to-food-weighting-in-new-cpi-basket/articleshow/112335534.cms>

DPDP rules to be out for public consultation at end of Budget session

The year-long wait for the detailed rules for the country's data protection legislation – the Digital Personal Data Protection Act (DPDPA) – is expected to end soon. The rules are expected to be put out for public consultation at the end of the ongoing Parliament session, according to sources. The ongoing budget session will get over on August 12. "The rules drafting is done, and it is expected to be out for public consultation by the end of next week," said a person in the know.

https://www.business-standard.com/economy/news/dpdp-rules-to-be-out-for-public-consultation-at-end-of-budget-session-124080701578_1.html

Over 77% of gig workers earn less than Rs 2.5 lakh annually in India

Around 77.6 per cent of gig delivery workers reported earning less than Rs 2.5 lakh annually, Moneycontrol reported, citing delivery services company Borzo. The "Understanding the Financial Literacy of Gig Delivery Partners" report, which surveyed over 2,000 gig delivery workers from 40 cities in India, found that nearly 20 per cent of these workers had an annual income between Rs 2.5 lakh and Rs 5 lakh.

https://www.business-standard.com/economy/news/over-77-of-gig-workers-earn-less-than-rs-2-5-lakh-annually-in-india-124080700980_1.html

Finance

Help PSBs create credit assessment model for MSMEs: DFS secy to fintechs

Department of Financial Services (DFS) Secretary Vivek Joshi on Wednesday urged fintech companies to assist public sector banks (PSBs) in developing a credit assessment model for micros, small and medium enterprises (MSMEs) based on their digital footprints. Rather than relying on balance sheets or the returns generated by MSMEs, Joshi suggested that the new model focus on the digital footprints created by MSMEs, particularly micro and nano enterprises.

https://www.business-standard.com/economy/news/dfs-secretary-vivek-joshi-urges-fintechs-to-help-psbs-assess-msmes-124080701242_1.html

Companies with multi-state presence to register as ISD with GST authorities

Companies having presence in multiple states and distributing common input tax credit with branch offices will have to register as Input Service Distributor (ISD) with GST authorities by April 1, 2025. Through the Finance Bill, 2024, in February, the government had amended Goods and Services Tax (GST) law to say that businesses having multi-state GST registration will have to have themselves mandatorily registered as ISD to distribute among its branches any input tax credit (ITC) for services availed.

https://www.business-standard.com/companies/news/companies-with-multi-state-presence-to-register-as-isd-with-gst-authorities-124080700491_1.html

Mushrooming mule accounts fuel rise in financial frauds, says official

The proliferation of mule accounts has emerged as one of the major reasons behind rising financial fraud in the country, a senior cybercrime official said requesting anonymity. "Mule accounts are a major reason behind smooth transfer of money in a financial fraud...I can say that around 99 per cent of the frauds won't happen if mule accounts do not exist. It's very surprising to see how easily such mule accounts are opened and are used comfortably by cybercriminals across the country," said the official.

https://www.business-standard.com/finance/news/mushrooming-mule-accounts-fuel-rise-in-financial-frauds-says-official-124080601440_1.html

Non-Life Insurers premiums up 9.3% in July: General Insurance Council

The non-life insurance industry reported a 9.28 per cent year-on-year (Y-o-Y) increase in gross direct premium underwritten in July 2024, aided by the performance of standalone health insurers and specialised public sector undertaking (PSU) insurers, according to data released by the General Insurance Council on Wednesday. The motor and health insurance segments have been driving growth in the non-life insurance industry so far in FY25, industry experts said.

https://www.business-standard.com/finance/insurance/non-life-insurers-premiums-up-9-3-in-july-general-insurance-council-124080701512_1.html

States get nearly 3/4th of GST on health insurance, says Sitharaman

Finance Minister Nirmala Sitharaman on Wednesday said that States receive almost 3/4th of the revenue collected through GST on insurance. Responding to ongoing debate and criticism of the Centre levying GST on health insurance, Sitharaman said the Opposition parties should address their concerns on the issue to finance ministers of respective States where they are in power.

<https://www.thehindubusinessline.com/economy/states-get-nearly-34th-of-gst-on-health-insurance-says-sitharaman/article68497550.ece>

IBBI issues guidelines for creditors in insolvency process

The Insolvency and Bankruptcy Board of India (IBBI) the regulator for bankruptcy proceedings in the country has issued 15 point guidelines to the committee of creditors (COC) while deciding insolvency cases with an aim to stem value erosion by curbing procedural delays and increase co-ordination among members. "The CoC has to also

regularly monitor the activities of the insolvency professional (IP) and seek rationale of decisions/actions taken by him. CoC has to also carefully review and assess the information memorandum prepared by the IP and offer additional insights," the guidelines say.

<https://economictimes.indiatimes.com/news/economy/policy/ibbi-issues-guidelines-for-creditors-in-insolvency-process/articleshow/112351628.cms>

Industry

Govt fast tracks visa approvals for China vendors to step up manufacturing

The Union government has introduced a streamlined, time-bound process for granting business visas to Chinese technicians involved in manufacturing projects, in response to complaints from the Indian industry. The new guidelines from the Ministry of Home Affairs, effective from August 1, aim to expedite visa approvals for nationals from China and other countries sharing land borders with India, said a senior government official.

https://www.business-standard.com/economy/news/new-guidelines-in-force-to-expedite-e-visa-for-chinese-technicians-124080701076_1.html

India's e-lifestyle market set to reach \$40-45 billion by 2028: Bain-Myntra report

India's online fashion and lifestyle market is set to grow from \$16-17 billion to \$40-45 billion by 2028, according to a Bain & Company and Myntra report titled "Decoding India's Online Fashion and Lifestyle Shopping Trends". The report, titled "Decoding India's Online Fashion and Lifestyle Shopping Trends," provides a comprehensive overview of the evolving e-lifestyle landscape in India. The overall lifestyle market in India, valued at \$130 billion in 2023, is expected to grow at a CAGR of 10-12% to reach \$210 billion by 2028. E-commerce penetration in the lifestyle sector is projected to increase from the current 13% to 18-22% by 2028, meaning one in five dollars spent on lifestyle will be online.

<https://www.financialexpress.com/business/industry-indias-e-lifestyle-market-set-to-reach-40-45-billion-by-2028-bain-myntra-report-3575646/>

Agriculture

Niti Aayog prepares roadmap to boost seaweed cultivation

The Niti Aayog has proposed expanding the scope of the PM-Kisan and PM Fasal Bima Yojana (PMFBY) to cover seaweed farmers besides bringing the sector under priority sector lending. Laying out a comprehensive roadmap to promote seaweed cultivation in India, the Aayog, said the government needs to firm up an insurance scheme for its farming that may cover crop insurance, life-insurance of the farmer, and insurance for capital infrastructure related to seaweed cultivation and processing.

<https://economictimes.indiatimes.com/news/economy/agriculture/niti-aayog-prepares-roadmap-to-boost-seaweed-cultivation/articleshow/112355783.cms>

Assam, Arunachal, Himachal, TN face grave climate risk to rice productivity

As rice production in India faces multiple challenges, productivity in Assam, Arunachal Pradesh, Himachal Pradesh, and Tamil Nadu is most susceptible to climate risks, a paper presented at the 32nd International Congress of Agriculture Economists in Delhi stated. However, states like Bihar, Uttarakhand and Jharkhand face the least risk, it added. Another paper presented at the conference showed that increasing the price of electricity in Punjab, which is one of the major growers of paddy, from zero to the true cost of supply, could lead to a sharp 59 per cent cutback in water extraction using electric pumps.

https://www.business-standard.com/economy/news/assam-arunachal-himachal-tn-face-grave-climate-risk-to-rice-productivity-124080701491_1.html

Indonesia sees opportunity in India's oil palm mission, offers co-operation to boost yield

Ina H Krisnamurthi, Indonesia's ambassador in India, has said cooperation in policy and regulatory frameworks is important to promote trade and investment and suggested joint ventures and partnerships between companies from both countries to develop palm oil sector. Excerpts from an email interview:

<https://www.thehindubusinessline.com/economy/agri-business/indonesia-sees-opportunity-in-indias-oil-palm-mission-offers-co-operation-to-boost-yield/article68496710.ece>

Infrastructure

Kavach 4.0 tenders to be out soon for 10,000 locos: Ashwini Vaishnaw

The Union Ministry of Railways is looking to expedite the rollout of the latest version of the indigenous anti-collision system Kavach during this year by issuing tenders for Kavach 4.0 installation in 20,000 locomotives. "Two bulk tenders of 10,000 locomotives each would be issued soon. We aim to close one tender by October this year. We sanctioned this capacity last month after Kavach 4.0 was approved by the RDSO (Research Designs and Standards Organisation). The idea is to build a parallel system to ensure seamless coverage. Along with the locomotives, 3,000 Rkm would also have the new system," Railway Minister Ashwini Vaishnaw said on Wednesday.

https://www.business-standard.com/economy/news/kavach-4-0-tenders-to-be-out-soon-for-10-000-locos-ashwini-vaishnaw-124080701582_1.html

Energy

Indigenous high-voltage alternating current lines may be deployed to boost transmission infrastructure

India could deploy indigenous high-voltage 1,200 kV high-voltage alternating current (HVAC) transmission lines for a significant expansion and upgradation of its transmission infrastructure, people familiar with the development said. The move comes amid rising electricity demand and higher renewable energy integration.

<https://economictimes.indiatimes.com/industry/energy/power/indigenous-high-voltage-alternating-current-lines-may-be-deployed-to-boost-transmission-infrastructure/articleshow/112355764.cms>

Telecom

Trai chief rules out any rethink on new service quality norms for users

Telecom regulator TRAI on Wednesday ruled out any rethink of new service quality norms that require telcos to compensate users for service outages and raise penalties for not meeting benchmarks. TRAI Chairman Anil Kumar Lahoti said that the norms have been issued after a thorough consultation and due consideration. "We have done very long thinking on this process, the norms have been issued after thorough consultation and due consideration and have been issued keeping in view quality of service that customer should be getting, and that service provider should provide," Lahoti said on sidelines of India SatCom 2024 organised by Broadband India Forum (BIF).

https://www.business-standard.com/industry/news/trai-chief-rules-out-any-rethink-on-new-service-quality-norms-for-users-124080700588_1.html

Healthcare

Indian pharma market registers over 6% growth in July '24: Pharmarack

The Indian pharmaceutical market (IPM) grew by 6.1 per cent in July this year, with major therapies showing positive value growth despite a negative volume growth of -2.1 per cent, according to market research firm Pharmarack. Among them, the anti-infective, respiratory, and gastrointestinal therapies saw nearly double-digit value growth of 12.8 per cent, 10.5 per cent, and 9.7 per cent, respectively, driving the overall IPM growth.

https://www.business-standard.com/industry/news/indian-pharma-market-registers-over-6-growth-in-july-24-pharmarack-124080701470_1.html

External

Piyush Goyal suggests Bimstec group members to relook proposed FTA

Commerce and Industry Minister Piyush Goyal on Wednesday suggested the seven member countries of the Bimstec bloc to relook at the progress of Free Trade Agreement talks which are moving at a very slow pace. He said that the members can think of negotiating a preferential trade agreement instead of a full-fledged free trade pact.

Bimstec stands for the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation. Its seven members are five South Asian countries (Bangladesh, Bhutan, Nepal, India, and Sri Lanka) and two Southeast Asian countries (Myanmar and Thailand).

https://www.business-standard.com/economy/news/piyush-goyal-suggests-bimstec-group-members-to-relook-proposed-fta-124080700616_1.html

Recovery mechanism for additional Customs levies strengthened

The government via amendments to the Finance Bill, 2024 has made several provisions of the Customs Act now applicable on other duties levied on import of goods, such as countervailing duty (CVD), I-GST and GST compensation cess. This is being done to ensure that traders pay interest and penalty on non-payment of the additional import duties in all cases, which wasn't the case earlier, say experts. These duties—covered under the Customs Tariff Act, 1975—are levied on many imported goods, in addition to the Basic Customs Duty (BCD).

<https://www.financialexpress.com/business/industry-recovery-mechanism-for-additional-customs-levies-strengthened-3576668/>

India's garment export orders likely to increase 10-20%

India's garment industry could reap a 10-20% boost in export orders over the next 18 months following the political turmoil in Bangladesh, said executives and industry bodies. In value terms, India's apparel exports could surge by \$2-3 billion annually. Exports stood at \$14.5 billion last fiscal. The domestic textile industry is in a wait-and-watch mode, but exporters say New Delhi needs to be ready for a potential trade diversion triggered by the political unrest in the eastern neighbour, one of the world's top garment exporters. "India can benefit from garment exports. We expect a 10-15% gain in the short to medium term on garment exports," said Sanjay Jain, chairman, Indian Chamber of Commerce, National Expert Committee on Textiles. Many global brands are already mulling shifting their ..

<https://economictimes.indiatimes.com/news/economy/foreign-trade/bangladesh-crisis-indias-garment-export-orders-likely-to-increase-10-20/articleshow/112355692.cms>

Duty hike effect: Onion exports down by 50%

India's onion exports in June are estimated to have plunged by more than 50 percent as the minimum export price of \$550 per tonne and an export duty of 40 percent combined to make Indian onions more expensive than the competition, exporters said. Exporters and growers have asked the central government to remove the duties, assuring that the increased sowing driven by good rainfall and a strong buffer stock of onions with the central government can keep the domestic prices under control even if exports increase. The Centre informed the Lok Sabha on Wednesday that the government has lifted the onion export prohibition from May 4, 2024, and set the minimum export price at (MEP) \$550 per MT and an export duty of 40 percent.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/duty-hike-effect-onion-exports-down-by-50/articleshow/112355701.cms>