



September 05, 2024 – Thursday

Economy

India's services sector growth surges to 5-month high in August: PMI

India's services sector experienced its fastest growth in five months this August, driven by resilient demand and easing inflationary pressures, according to HSBC India Services Purchasing Managers' Index (PMI), compiled by S&P Global. India's PMI climbed to 60.9 in August, up from July's 60.3, surpassing the preliminary estimate of 60.4. This marks the highest PMI level since March and extends the sector's expansion streak, which has been sustained above the 50-mark separating growth from contraction since August 2021. The latest reading is also significantly above the long-term average, indicating robust growth within the sector.

https://www.business-standard.com/economy/news/india-s-services-sector-growth-surges-to-5-month-high-in-august-pmi-124090400270_1.html

Finance

Finmin relaxes norms for expenditure exceeding Rs 500 cr to give boost to capex

The finance ministry has relaxed norms for expenditure exceeding Rs 500 crore to accelerate capex (capital expenditure) that is pegged at Rs 11.11 lakh crore for the current fiscal. This will give a push to government spending which suffered a slowdown for a couple of months due to general elections.

<https://economictimes.indiatimes.com/news/economy/policy/finmin-relaxes-norms-for-expenditure-exceeding-rs-500-cr-to-give-boost-capex/articleshow/113064320.cms>

A bigger share of bank deposits comes at higher rates now

More than two-thirds of the deposits mobilised by banks by the end of June 2024 were contracted at interest rates of 7% and above compared with 45% a year ago, latest central bank data showed, pointing to the higher returns lenders are now having to offer to garner deposits from savers to meet burgeoning credit demand.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/a-bigger-share-of-bank-deposits-comes-at-higher-rates-now/articleshow/113072908.cms>

World Bank's advice to India to reconsider RCEP stance flawed: GTRI

Think tank Global Trade Research Initiative (GTRI) Wednesday said that the World Bank's suggestion for India to reconsider joining Regional Comprehensive Economic Partnership (RCEP) is based on flawed assumptions and outdated projections. For developing countries like India, policy decisions must be rooted in real-world data and a thorough understanding of the long-term implications, it said. This comes a day after the World Bank in its India Development Update said India should reconsider its position on the RCEP.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/world-banks-advice-to-india-to-reconsider-rcep-stance-flawed-gtri/articleshow/113069421.cms>

India needs to rethink its approach to ships, infra to boost maritime governance: Sanjeev Sanyal

As India looks to take a more significant role in maritime governance, it needs to rethink its approach to ships and shipping infrastructure and transform the way it invests, builds and utilises the maritime resources and capabilities, said Sanjeev Sanyal, member of Prime Minister's Economic Advisory Council.

Sanyal was speaking at the curtain raiser of 'Sagarmanthan: The Great Oceans Dialogue' organised by the Observer Research Foundation, in collaboration with Ministry of Ports, Shipping and Waterways (MoPSW), according to a press statement issued by the organisers.

<https://economictimes.indiatimes.com/news/economy/policy/india-needs-to-rethink-its-approach-to-ships-infrastructure-to-boost-maritime-governance-sanjeev-sanyal/articleshow/113062872.cms>

Employees' Pension Scheme subscribers could withdraw pension from any bank across India from January 1, 2025

Labour and employment minister Mansukh Mandaviya on Wednesday approved the centralized pension payment system (CPPS) under the Employees' Pension Scheme, 1995, allowing 7.8 million EPS subscribers to withdraw pension from any bank and any branch across India, starting from January 1, 2025.

<https://economictimes.indiatimes.com/news/economy/policy/centralised-system-to-enable-pension-withdrawal-from-any-bank-across-india-from-january-mandaviya/articleshow/113063020.cms>

General Insurance stake sale: Govt likely to earn Rs 4,700 crore from 6.8% divestment in GIC Re

The government plans to sell a 6.8% stake in General Insurance Corporation of India (GIC Re) through an offer-for-sale. The shares will be priced at Rs 395 each, which is a 6% discount compared to Tuesday's closing price. This move is expected to raise around Rs 4,700 crore, adding to the government's disinvestment fund for the year. Since major strategic sales are limited, except for IDBI Bank, the government is likely to focus on smaller share sales to meet its target of Rs 50,000 crore in disinvestment for the current financial year. The share sale will be conducted over two days: non-retail investors can bid starting Wednesday, while retail investors and GIC Re employees can place their bids on Thursday.

<https://economictimes.indiatimes.com/industry/banking/finance/insure/general-insurance-stake-sale-govt-likely-to-earn-rs-4700-crore-from-6-8-divestment-in-gic-re/articleshow/113054527.cms>

Lower GST on insurance likely to come with caps

The body that recommends goods and services tax (GST) rates may propose a lower levy on health and life insurance policies with annual premiums up to ₹50,000 to reduce the cost for lower and middle-income groups.

<https://economictimes.indiatimes.com/industry/banking/finance/insure/lower-gst-on-insurance-likely-to-come-with-caps/articleshow/113072419.cms>

Industry

India remains fastest growing paper market in world with 8.2% rise: Report

India remains the fastest-growing paper market in the world with domestic consumption of packaging paper and paperboard growing at 8.2 per cent in 2023-24, a report said on Wednesday. According to the report by Indian Paper Manufacturers Association (IPMA) for 2023-24, packaging paper & paperboard market is growing at an annual rate of 8.2 per cent in the country.

https://www.business-standard.com/industry/news/india-remains-fastest-growing-paper-market-in-world-with-8-2-rise-report-124090400785_1.html

India's hospitality sector attracts \$93 million investment in H1 of 2024

The overall hotel investments from January to June of 2024 reached \$93 million, as per the JLL Hotel Investment Trends-India H1 2024 report. Listed hotel companies dominated hotel transactions in the first half of 2024 with 44 per cent of the total transaction volumes, followed by owner-operators with 30 per cent, and high-net-worth individuals (HNIs), family offices, and private hotel owners at 26 per cent.

https://www.business-standard.com/industry/news/india-s-hospitality-sector-attracted-93-million-investment-in-h1-2024-124090400670_1.html

Supply chain and talent woes pose challenges to Indian semicon industry

As Taiwanese semiconductor companies explore India as an alternative manufacturing hub amid rising geopolitical tensions, significant challenges hinder the realisation of this potential partnership. Kristy Tsun-tzu Hsu, director of the Taiwan ASEAN Studies Center, stated that there are five key considerations a Taiwanese company takes into account when deciding where to invest. These include local customer support, infrastructure completeness, supply chain robustness, local government policy support, and the availability of adequate talent.

https://www.business-standard.com/industry/news/supply-chain-and-talent-woes-pose-challenges-to-indian-semicon-industry-124090400537_1.html

Domestic CV industry's wholesale volumes to post nominal growth of 0-3% in FY25, says ICRA

The domestic commercial vehicle (CV) industry's wholesale volumes is expected to witness a modest year-over-year (YoY) growth of 0-3 percent in FY2025, revised from a previously estimated decline of 4-7 per cent, stated a report by ICRA. This adjustment follows better-than-expected growth in the first four months of FY2025 and anticipations of a slight increase in demand in the latter half of the fiscal year. FY2025 will mark the second consecutive year of subdued growth, following 1 per cent and 3 per cent YoY increases in wholesale and retail sales respectively in FY2024, it added.

<https://www.financialexpress.com/business/industry-domestic-cv-industrys-wholesale-volumes-to-post-nominal-growth-of-0-3-in-fy25-says-icra-3600191/>

'Electric 3-wheeler market set for consolidation'

The highly fragmented electric three-wheeler market is getting regulated with stricter battery regulations and curtailment in the government subsidy, and is set for consolidation, said Sulajja Firodia Motwani, cofounder of Kinetic Green.

<https://economictimes.indiatimes.com/industry/renewables/electric-3-wheeler-market-set-for-consolidation/articleshow/113073000.cms>

As M&A scene heats up, India Inc strengthens in-house legal teams

Large Indian conglomerates are bolstering their in-house legal teams with M&A specialist lawyers thanks to a flurry of local and cross-border deals as well as internal ownership restructuring. Many business houses are tapping lawyers with 10-15 years of expertise in complex deal-making to strengthen their legal teams. This is even as they continue to seek legal counsel from leading law firms, said industry officials, adding lawyers with experience in stitching deals in multiple sectors or cross-border deals are in high demand. The last 12 months saw a 30-40% surge in demand for specialist M&A lawyers from large Indian companies, according to officials.

<https://economictimes.indiatimes.com/industry/services/consultancy/-audit/as-ma-scene-heats-up-india-inc-strengthens-in-house-legal-teams/articleshow/113072744.cms>

Govt proposes cutting local value addition weight for IT hardware, industry pushes back

The government has proposed to slash weightage of local value addition of some key components when procuring IT hardware, prompting the industry to push back, saying such a move will render it difficult for many players to participate in state tenders.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/govt-proposes-cutting-local-value-addition-weight-for-it-hardware-industry-pushes-back/articleshow/113072279.cms>

Agriculture

Govt to offload onion from buffer to keep prices in check

The government will soon start offloading onion in the market from buffer, to preempt a rise in prices of the vegetable in the coming festive season. Sources said while modal retail prices as per the department of consumer affairs data was Rs 50/kg on Tuesday, in several urban centres it has crossed Rs 60/kg.

<https://www.financialexpress.com/policy/economy-govt-to-offload-onion-from-buffer-to-keep-prices-in-check-3600753/>

New policy for farmers' collectives soon: Provisions for softer loans, common branding on cards

The government is expected to announce a new policy on Farmer Producer Organizations (FPOs) within a fortnight which a view to ensuring better credit flows to them at viable rates and promote common branding of products while linking them to industry and boost farmers' income, Faiz Ahmed Kidwai, additional secretary, ministry of agriculture, said on Tuesday. "The new policy for FPOs have been finalised and it would be announced shortly," Kidwai said at the sidelines of fourth FPOs conclave organised by agri-value chain NBFC Samunnati here.

<https://www.financialexpress.com/policy/economy-new-policy-for-farmers-collectives-soon-provisions-for-softer-loans-common-branding-on-cards-3600740/>

Infrastructure

DGCA's annual review shows improvement in India's air travel safety record

The Annual Safety Review-2023 released by the Directorate General of Civil Aviation (DGCA) indicated that air travel has significantly improved compared to the last two years. On Wednesday, DGCA published the Annual Safety Review-2023. It informed that the safety performance assessment when compared to the past two years indicates that the number of Risk Bearing Airprox per million flights over Indian Airspace has reduced by 25 percent and achieved the target.

https://www.business-standard.com/industry/news/dgca-s-annual-review-shows-improvement-in-india-s-air-travel-safety-record-124090400788_1.html

On a High-way! MoRTH plans to build 74 new tunnels worth ₹1 lakh crore

The ministry of road transport and highways plans to build 74 new tunnels stretching 273 km at a cost of ₹1 lakh crore over the next few years as part of a mega scheme to strengthen India's highway network, roads minister Nitin Gadkari said. Addressing the second edition of Tunnelling India conference organised by Ficci on Tuesday, Gadkari favoured giving a majority 51% stake to foreign partners in joint ventures for building tunnels and detailed project reports to improve work quality, saying it will ensure that only serious and technically qualified players bid for tunnel projects.

<https://economictimes.indiatimes.com/news/economy/infrastructure/on-a-high-way-morth-plans-to-build-74-new-tunnels-worth-1-l-cr/articleshow/113039739.cms>

Telecom

5G, 6G rollout will spur growth to achieve developed nation status: DoT Secretary

After 5G, India is now gearing up for 6G rollout which will spur the growth that is required to achieve the developed nation status, Telecom Secretary Neeraj Mittal said on Wednesday. Mittal said that the government has replaced 150 years old Telegraph Act with a new Telecommunications Act which is expected to stand the test of time for the next 20-30 years. "5G technology has been already rolled out. We are now planning for 6G. All of them will spur the growth in achieving the developed nation status that we are yearning for," he said while speaking at a public relations industry event Prana.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/5g-6g-rollout-will-spur-growth-to-achieve-developed-nation-status-dot-secretary/articleshow/113070410.cms>

Healthcare

Govt mulls over new category for advanced coronary stents, price ceiling increase to attract manufacturers

The government is mulling creating a separate category for advanced coronary stents and raising the price ceiling to woo stent makers who have shelved plans to launch their next generation devices in India over its price control measures, people aware of the development told ET. Coronary stents became a part of the National List of Essential Medicines (NLEM) in 2022, which made them more affordable. This followed recommendations of an expert committee constituted to review the inclusion of stents in the list based on requirements.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/healthcare/govt-mulls-over-new-category-for-advanced-coronary-stents-price-ceiling-increase-to-attract-manufacturers/articleshow/113068580.cms>

External

India's US crude imports rebound as Washington tightens screws on Russia

While Russia and West Asia have been slugging it out for market share in India to sell their crude oil, the United States is quietly making its moves on the sidelines. The US has doubled its share of the Indian crude market in the last few months, industry sources said and ship-tracking data show. Some of the increase in America's market share may have come at Russia's expense, India's biggest crude oil supplier, said industry sources.

https://www.business-standard.com/economy/news/india-s-us-crude-imports-rebound-as-washington-tightens-screws-on-russia-124090400582_1.html

Interest equalisation scheme for exporters extended for another month

The government has extended the interest equalisation scheme on pre- and post-shipment rupee export credit for one more month till September 30 to promote the country's outbound shipments. The scheme, which provides exporters interest benefits, ended on August 31. In June, it was extended for two months. In a trade notice, the Directorate General of Foreign Trade (DGFT) said, "Trade and industry is hereby informed that the Interest Equalization Scheme for Pre and Post Shipment Rupee Export Credit, which had earlier been extended up to August 31 as a fund limited scheme, has been further extended for one month i.e., up to September 30, 2024."

It said, however, this extension is applicable only for MSME manufacturing exporters.

https://www.business-standard.com/finance/news/interest-equalisation-scheme-for-exporters-extended-for-another-month-124090400409_1.html

India's current account deficit may widen to 1% of GDP in Q2FY25: Ind-Ra

India's current account balance (CAB) is expected to rise to 1 per cent of the country's gross domestic product (GDP) in the second quarter (Q2) of the financial year 2024-25 (FY25), according to the latest report by India Ratings and Research (Ind-Ra). The report anticipates a deficit of approximately \$8 billion, equal to 0.8 per cent of GDP in the first quarter itself, a reversal from the surplus of \$5.7 billion, or 0.6 per cent of GDP, recorded in the last quarter.

https://www.business-standard.com/economy/news/india-s-current-account-deficit-may-widen-to-1-of-gdp-in-q2fy25-ind-ra-124090400474_1.html

World Bank's suggestion to join RCEP based on flawed projections: GTRI

Think tank GTRI on Wednesday said that the World Bank's suggestion for India to reconsider joining RCEP (Regional Comprehensive Economic Partnership) is based on flawed assumptions and outdated projections. For developing countries like India, policy decisions must be rooted in real-world data and a thorough understanding of the long-term implications, it said.

https://www.business-standard.com/economy/news/world-bank-s-suggestion-to-join-rcep-based-on-flawed-projections-gtri-124090400388_1.html

Ethanol push turns India into corn importer, shaking up global mkt

A push by India to make more corn-based ethanol has turned Asia's top corn exporter into a net importer for the first time in decades, squeezing local poultry producers and scrambling global supply chains. The jump in import demand comes after India in January hiked the procurement price of ethanol made from corn to drive a shift away from sugarcane-based ethanol for blending in gasoline.

https://www.business-standard.com/economy/news/ethanol-push-turns-india-into-corn-importer-shaking-up-global-mkt-124090400327_1.html

Govt eyes \$1 bn exports of alcoholic beverages in next few years: APEDA

With the global demand for Indian spirits growing at a healthy rate, the government is planning to promote both Indian alcoholic and non-alcoholic beverages in the international markets and is eyeing USD one billion (about Rs 8,000 crore) exports in the next few years. The commerce ministry's arm APEDA (Agricultural & Processed Food Products Export Development Authority) said that India currently ranks 40th in the world for alcoholic beverage exports. As per estimates, the country has huge unrealised export potential.

https://www.business-standard.com/industry/news/govt-eyes-1-bn-exports-of-alcoholic-beverages-in-next-few-years-apeda-124090400298_1.html

India-UK FTA within finger-touching distance: NITI Aayog CEO

The Free Trade Agreement (FTA) being negotiated between India and the UK is in the final stages with both sides within finger-touching distance to clinch an agreement, NITI Aayog CEO B.V.R. Subrahmanyam said here on Wednesday. The FTA, negotiations for which were launched in January 2022 before being stalled due to general elections in both countries, is aimed at significantly enhancing the estimated GBP 38.1 billion a year bilateral trading partnership. During the signing ceremony for the new UK-India Infrastructure Financing Bridge (UKIIFB) agreement, both sides were keen to stress that the bilateral partnership is not being held "hostage" to the FTA even as the newly elected governments on both sides remain committed to it.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-uk-fta-within-finger-touching-distance-niti-aayog-ceo/articleshow/113071063.cms>

Govt eases import norms for raw, calcined pet coke

The government on Wednesday eased import norms for raw and calcined pet coke and permitted the inbound shipments to cater entirely to the domestic needs of aluminium and other industries. Earlier, it was allowed only for the aluminium industry. "Import of RPC (raw pet coke) and CPC (calcined pet coke) shall be permitted to cater entirely to the domestic needs of aluminium industry and other industries," Directorate General of Foreign Trade (DGFT) said in a notification.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/govt-eases-import-norms-for-raw-calcined-pet-coke/articleshow/113068478.cms>

Global apparel deals flowing into India amid Bangladesh crisis

The Tiruppur knitwear export hub has swung export orders worth ₹450 crore in the last two weeks from Bangladesh in the wake of the political unrest there. Global brands like KiK from Germany, Zeeman from Netherlands, and Pepco of Poland, among others, placed orders to be delivered before the Christmas and New Year and the average price of the garment ordered is to the tune of \$3, said KM Subramanian, president of Tiruppur Exporters' Association (TEA).

<https://economictimes.indiatimes.com/news/economy/foreign-trade/global-apparel-deals-flowing-into-india-amid-bangladesh-crisis/articleshow/113072857.cms>