



May 09, 2024 – Thursday

Economy

16th Finance Commission invites suggestions on its ToR, general approach

The Sixteenth Finance Commission has invited suggestions from the public and interested organisations on the panel's terms of reference and the general approach that it may adopt, a press statement said on Wednesday. The commission, chaired by Arvind Panagariya, is required to make its recommendations covering a period of five years starting April 1, 2026 with respect to the distribution of the net proceeds of taxes between the Centre and states and the allocation between the states of the respective shares of such proceeds.

https://www.business-standard.com/economy/news/16th-finance-commission-invites-suggestions-on-its-tor-general-approach-124050801390_1.html

Economy better placed to pursue non-inflationary growth: CEA V Anantha Nageswaran

India will likely maintain 6.5-7% growth rate beyond FY25, chief economic adviser V Anantha Nageswaran said, adding that the economy is better placed to push for non-inflationary growth. "The signs are good because of investments we have made on supply-side, physical and digital infrastructure; the economy is better placed than before to be able to pursue non-inflationary growth," Nageswaran said Wednesday. The CEA also talked about lengthening the gap between two financial cycles to allow room for improvements in standard of living and employment generation.

<https://economictimes.indiatimes.com/news/economy/indicators/economy-better-placed-to-pursue-non-inflationary-growth-cea-v-anantha-nageswaran/articleshow/109958292.cms>

Panel to relook at floor wage rates, prepare a road map

A high-level expert panel on floor wages will re-examine the wage rates finalised earlier, taking into account the minimum wages notified by all states across three categories. The floor wage and minimum wage rates proposed earlier did not have minimum wage rates of some states due to unavailability of data. The SP Mukherjee-led expert committee will hold its final meeting on May 27 and submit its report to the new government by end of June, people familiar with the development told ET. The three-year term of the expert committee, set up in 2021, will end on June 30, 2024. The report, which was finalised in January and was due to be submitted in February, is going through another round of scrutiny in the light of new data furnished by the central government and may result in a few modifications in the wage rates.

<https://economictimes.indiatimes.com/news/economy/policy/panel-to-relook-at-floor-wage-rates-prepare-a-road-map/articleshow/109958221.cms>

Consumer price inflation likely to eased at 4.8% in April: Reuters poll

India's consumer price inflation is likely to have eased to 4.80% in April, just shy of March's rate as food inflation remains sticky, according to economists polled by Reuters. While headline inflation has moderated in recent months, food prices, which account for nearly half the consumer price index (CPI) basket, have remained elevated, squeezing household budgets.

https://www.business-standard.com/economy/news/consumer-price-inflation-likely-to-eased-at-4-8-in-april-reuters-poll-124050801000_1.html

Finance

RBI governor discusses ways to scale up UPI ecosystem with stakeholders

Reserve Bank of India (RBI) Governor Shaktikanta Das on Wednesday discussed strategies with stakeholders of the Unified Payments Interface (UPI) ecosystem on potential ways for further expansion. Some other issues that were taken up were challenges encountered by the ecosystem and how these could be addressed. Innovative ideas were sought to integrate potential users into UPI, the regulator said in a statement.

https://www.business-standard.com/finance/news/rbi-meets-upi-ecosystem-stakeholders-to-increase-digital-payments-124050801281_1.html

RBI asks NBFCs to stick to gold loan cash payout cap of Rs 20,000: Report

India's central bank on Wednesday warned some non-bank lenders against disbursing cash loans in excess of the permissible limit of 20,000 rupees (\$240), according to two sources and a letter seen by Reuters, a move that is likely to stop large cash payouts to those borrowing against gold. The central bank's advisory comes within weeks of regulatory action against IIFL Finance, India's second-largest gold loan player, for violation of cash disbursement and other norms.

https://www.business-standard.com/finance/news/rbi-asks-nbfc-to-stick-to-loan-cash-payout-cap-of-rs-20-000-report-124050800743_1.html

Higher provisioning may slow infra sector, but good for long term: Industry

The draft guidelines released by the Reserve Bank of India (RBI) recently, calling for higher asset provisioning for infrastructure lending, could hit the pace of infra development in the country, say companies, but agree that it is a "sane" move for the sector's long-term stability. The draft norms, which propose to increase the standard asset provision to 5 per cent even for existing loans, have already caused a stir, with commercial banks planning to write to the RBI and seek a review.

https://www.business-standard.com/finance/news/higher-provisioning-may-slow-infra-sector-but-good-for-long-term-industry-124050801401_1.html

NPCI issues guidelines for merchant acquisition on BHIM Aadhaar Pay

The National Payments Corporation of India (NPCI), in a circular, has issued guidelines that put the onus of verifying merchant details on acquiring banks for BHIM Aadhaar Pay. "The obligation to acquire, manage, and monitor merchants for BHIM Aadhaar Pay rests with acquiring member banks. Acquiring member banks shall continue to be responsible for merchants onboarded by them directly or through aggregators/partners," said NPCI in the circular.

https://www.business-standard.com/finance/news/npci-issues-guidelines-for-merchant-acquisition-on-bhim-aadhaar-pay-124050800937_1.html

India's transaction trends: ePayment riches leave circulation of currency poorer

India's leap to digital payments is structurally tamping down on traditional currency leakage from its banking system, with growth of currency in circulation (CIC) in FY24 declining the most since demonetisation. The Reserve Bank of India's (RBI) withdrawal of Rs 2,000 banknotes from circulation last year also contributed, triggering a flood of currency deposits close to the recall deadline and lowering growth in CIC by `1 lakh crore. The demonetisation in FY17 sought to replace more than four-fifths of notes by value. "Over the last few years, a steady reduction in currency leakage is being seen with the rise of electronic payments, especially the Unified Payments Interface (UPI)," said Gaura Sengupta, chief economist at IDFC First Bank.

<https://economictimes.indiatimes.com/news/economy/finance/indias-transaction-trends-epayment-riches-leave-circulation-of-currency-poorer/articleshow/109958715.cms>

'Pet insurance market in India to reach Rs 6,500 crore mark by 2025'

As the pet care market in India is growing at about 14 per cent and is expected to become over Rs 6500 crore by 2025, insurance companies are aggressively trying to take a share of this sector. Industry experts said insurance companies are trying to address this rapidly evolving market with bespoke plans to cater to the increasing rate of adoption of pets and the rising cost of medical treatment incurred to protect these furry companions.

https://www.business-standard.com/finance/insurance/pet-insurance-market-in-india-to-reach-rs-6-500-crore-mark-by-2025-124050800883_1.html

Industry

Vehicle retail sales soar 27% in April; two-wheeler registrations jump 33%, cars up 16%

Vehicle registrations in the country – a proxy for retail sales – went up by a robust 27% year on year to 2.2 million units in April, led by two-wheelers on the back of stable fuel prices, positive outlook for the monsoons, Navratri demand, and the ongoing marriage season. Retail sales of passenger vehicles went up by 16% on year to 335,123 units last month even as wholesale numbers – what car manufacturers dispatch to dealers – showed a subdued growth of 1.8% to 338,341 units because automakers rationalised shipments to manage stocks.

<https://economictimes.indiatimes.com/industry/auto/auto-news/vehicle-retail-sales-soar-27-in-april-two-wheeler-registrations-jump-33-cars-up-16/articleshow/109952125.cms>

Govt unlikely to grant relief as OEMs push for incentives on pre-deadline

The Centre is unlikely to provide relief to original equipment manufacturers (OEMs), who have sought assistance in selling vehicles manufactured before March 31 to qualify for benefits under the Faster Adoption and Manufacturing of Electric Vehicles (FAME) scheme. Despite appeals from industry stakeholders, the ministry of heavy industries (MHI) will not change its stance, said sources.

https://www.business-standard.com/industry/news/govt-unlikely-to-grant-relief-as-oems-push-for-incentives-on-pre-deadline-124050801217_1.html

India considering proposal mandating luxury and high-end car makers to use 'green steel'

India is considering the prospect of mandating procurement of green steel among auto-mobile companies, for premium or ultra high-end models, including luxury car manufacturers like Audi or BMW. Additionally, the proposal – currently, put forward as a suggestion - aims to promote use of green steel, characterised by low-carbon emissions during production, in government projects too. An official, aware of discussions, said, the recommendation is that premium car makers or luxury manufacturers could utilise green steel, particularly for their high-end products. The broad rationale: demand for premium or luxury vehicles are less sensitive to price fluctuations resulting from technological changes.

<https://www.thehindubusinessline.com/news/india-considering-proposal-mandating-luxury-and-high-end-car-makers-to-use-green-steel/article68153629.ece>

Agriculture

Centre asks states to exclude stubble burners from MSP benefits this year onwards

Citing the 2023 Supreme Court recommendation on bringing in disincentives for stubble burning, the Centre has begun moving towards excluding farm fire burners from Minimum Support Price (MSP) benefits this year on. Letters to the effect - that is, asking governments of Punjab, Haryana, Delhi and Rajasthan to develop mechanisms to do so - have already gone out to state chief secretaries and action taken reports sought as well, ET has learnt. The issue of fines and penal action against farmers involved in stubble fires is a politically tricky one and was one of the key points raised in the 2020-21 farmer protests.

<https://economictimes.indiatimes.com/news/economy/agriculture/centre-asks-states-to-exclude-stubble-burners-from-msp-benefits-this-year-onwards/articleshow/109958125.cms>

Infrastructure

India's infra push to raise demand for TMT bars: Industry players

The domestic demand for Thermo-Mechanically Treated (TMT) bars in India is poised for further growth, with industry experts citing government initiatives aimed at bolstering quality and sustainable infrastructure as key drivers. India consumed 50.3 million tonnes (MT) of TMT bars in FY23, up from 46 MT in the previous fiscal. Domestic manufacturers collectively produced 51 MT TMT bars in FY23 compared with 47.2 MT in FY22. "As the construction industry in India continues to evolve, the upward trajectory in the use of TMT bars is expected to persist, driving

advancements in building technology and contributing to the development of resilient and sustainable infrastructure across the nation," Shashikant Agarwal, CEO of Hyderabad-based Sri Navdurga Billets, said.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/construction/indias-infra-push-to-raise-demand-for-tmt-bars-industry-players/articleshow/109917572.cms>

Realty cos draw up plan to protect sales and workers from heatwave

The real estate industry is preparing for potential disruptions caused by the spread of heatwave across several states, taking proactive measures to mitigate its impact on construction activities and sales endeavours. The enquiry levels and sales across key property markets has so far maintained a robust momentum and developers are taking actions to ensure it continues. Realtors are modifying their daily construction schedules by advancing the start of the day and delaying its end. Contractors have been instructed to conduct outdoor work during the cooler morning hours and avoid the midday heat.

<https://economictimes.indiatimes.com/industry/services/property/-/construction/realty-cos-draw-up-plan-to-protect-sales-and-workers-from-heatwave/articleshow/109958371.cms>

India's data center industry set to double capacity by 2026, attract investments

India's data center industry is experiencing significant growth, with its capacity projected to double to around 2,000 MW by 2026 and this expansion is expected to attract substantial investments, with an estimated capital expenditure of Rs 50,000 crore over the next three years until 2026, said CareEdge Ratings. The ratings agency identifies a substantial under-penetration of data center capacity in India, signalling opportunities for large capacity additions. It underscores India's transition to a developed market economy, driven by digitization across sectors such as e-commerce, fintech, online streaming, and gaming, which is expected to boost internet penetration to 87% by 2028-29.

<https://economictimes.indiatimes.com/industry/services/property/-/construction/indias-data-center-industry-set-to-double-capacity-by-2026-attract-investments/articleshow/109952430.cms>

Energy

India overtook Japan to become 3rd largest solar power generator in 2023

Rapid solar energy deployment in India pushed the country past Japan to become the world's third-largest solar power generator in 2023, according to a new report. The report by global energy think tank Ember said India ranked ninth in solar energy deployment in 2015. Solar produced a record 5.5 per cent of global electricity in 2023. In line with the global trend, India generated 5.8 per cent of its electricity from solar last year, as reported in Ember's "Global Electricity Review".

https://www.business-standard.com/industry/news/india-overtook-japan-to-become-3rd-largest-solar-power-generator-in-2023-124050801061_1.html

Healthcare

ICMR issues dietary recommendations for Indians, with a warning for vegetarians and protein supplements

The Indian Council of Medical Research (ICMR) and the National Institute of Nutrition (ICMR-NIN) have issued dietary recommendations to address malnutrition and diseases like obesity, diabetes, and heart diseases in the nation, while advocating for healthy eating habits and lifestyles. A group of 17 comprehensive recommendations has been created by a diverse team of specialists under the guidance of Dr. Hemalatha R, Director of ICMR-NIN.

<https://economictimes.indiatimes.com/news/india/how-your-plate-should-look-icmr-issues-dietary-recommendations-for-indians-with-a-warning-for-vegetarians/articleshow/109957588.cms>

External

India extends free import of yellow peas till October 2024

India has extended the free import of yellow peas by four more months until October 2024, the Directorate General of Foreign Trade (DGFT) said in a notification adding that the import is permitted without the Minimum Import Price

(MIP) and port restriction conditions. In December last year, the government allowed duty-free imports of yellow peas until March 2024 which was extended till April and then June.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/facing-delays-exporters-seek-priority-shipment-for-msmes/articleshow/109958318.cms>

India received \$111 bn in remittances in 2022, highest by any country: UN

India received over \$111 billion in remittances in 2022, the largest in the world, becoming the first country to reach and even surpass the \$100 billion mark, the United Nations migration agency has said. The International Organisation for Migration (IOM), in its World Migration Report 2024 launched Tuesday, said that in 2022, India, Mexico, China, the Philippines and France were the top five remittance recipient countries.

https://www.business-standard.com/economy/news/india-received-111-bn-in-remittances-in-2022-highest-by-any-country-un-124050800154_1.html

Decision on resumption of sugar exports months away, says food secy

India's government is not ready to take a decision about whether or not to allow sugar exports this year, and will need several months to assess the issue, a government official said on Wednesday. India, the world's second largest sugar producer after Brazil, has banned sugar exports since June 2022 with the aim of guaranteeing to cover local consumption, as well as diverting sucrose to ethanol production.

https://www.business-standard.com/industry/news/decision-on-resumption-of-sugar-exports-months-away-says-food-secy-124050801456_1.html

Facing delays, exporters seek priority shipment for MSMEs

Indian exporters have sought priority shipment facilities for local micro, small and medium enterprises (MSME) as transshipment of Bangladesh's export cargo to third countries through the Delhi Air Cargo complex is causing delays, inflating freight expenses. The Noida Apparel Export Cluster (NAEC), where 80% of the apparel production and export units are MSMEs, has sought a 25% quota for such units in the cargo with priority in shipment. Air freight has quadrupled in the past two months, say exporters.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/facing-delays-exporters-seek-priority-shipment-for-msmes/articleshow/109958318.cms>

India calls for reinvigorating discussions on development agenda at WTO

India has called for re-energising discussions in the World Trade Organisation (WTO) on the development dimension to achieve tangible progress and meaningful outcomes. In a communication to the WTO, the country said that there is a substantial unfinished development agenda emanating from the recently concluded 13th ministerial conference of the WTO in Abu Dhabi.

https://www.business-standard.com/industry/news/india-calls-for-reinvigorating-discussions-on-development-agenda-at-wto-124050801279_1.html