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Economy

On the anvil: Ease of doing business 2.0

The government has set the ball rolling on the second round of Ease of Doing Business reforms, as part of multi-pronged strategy to catalyse the private investment cycle. According to official sources, it has prepared a draft framework to assess the cost of regulation (CoR), that is, the fraction of overall cost of doing business in the country that is attributable to compliance with various regulations and legal requirements. The estimate will be used as a critical input to another set of administrative reforms being planned to bring these costs down, the sources said.

<https://www.financialexpress.com/business/industry/on-the-anvil-ease-of-doing-business-2-0/3505409/>

Ten yrs on, S&P outlook for India turns 'positive'

S&P Global Ratings on Wednesday upgraded India's sovereign outlook after 10 years to 'positive,' citing improved quality of public spending and expectation of broad continuity in reforms and fiscal policies. India's rating remains unchanged at BBB-. The agency said the country's rating could be upgraded in the next 24 months if it adopts a cautious fiscal and monetary policy that reduces the government's elevated debt and interest burden while bolstering economic resilience. "It's a welcome development," finance minister Nirmala Sitharaman posted on X, "It has been possible due to the series of macroeconomic reforms undertaken since 2014, along with substantial outlay for capex, fiscal discipline, and decisive & visionary leadership."

<https://economictimes.indiatimes.com/news/economy/indicators/ten-yrs-on-sp-outlook-for-india-turns-positive/articleshow/110543663.cms>

Finance

Banks seek one more month to comply with international card spend rule

Lenders have sought a one-month extension from the government to comply with the Liberalised Remittance Scheme (LRS) for international credit card spends, said people familiar with the matter. The scheme allows Indian residents to remit up to \$250,000 abroad in a financial year for permissible purposes such as education, travel and investment. Last year, the government announced that forex transactions through credit cards would be covered under the scheme and charged 20% tax collected at source (TCS) beyond the threshold of ₹7 lakh per fiscal.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/banks-seek-one-more-month-to-comply-with-international-card-spend-rule/articleshow/110543794.cms>

RBI launches G-sec app, PRAVAAH portal: Here is all you need to know

The Reserve Bank of India (RBI) has introduced a mobile application named the 'G-sec app' under its Retail Direct Scheme. This initiative is designed to simplify the process of investing in government securities (G-secs) for retail investors. According to RBI Governor Shaktikanta Das, the RBI Retail Direct Scheme, which was launched in November 2021, is set to become more accessible with the introduction of this mobile app. "The launch of a mobile app for accessing the Retail Direct portal will provide greater convenience to retail investors and deepen the G-sec market," said Das.

https://www.business-standard.com/finance/news/rbi-launches-g-sec-app-pravaah-portal-here-is-all-you-need-to-know-124052900662_1.html

Some ARCs bypassing regulations, lack transparency: RBI deputy governor

Some Indian asset reconstruction companies (ARCs) bypassed regulations and used “innovative ways” to evergreen distressed assets, Swaminathan J, deputy governor at the Reserve Bank of India, has said. Such companies often lack transparency and consistency in issuing and periodically valuing security receipts. Their practices in levying management fees are inadequate, he said.

https://www.business-standard.com/finance/news/rbi-dg-warns-arcs-on-evergreening-distressed-assets-regulatory-gaps-124052901220_1.html

Govt plans to enlist dairy, fishery co-operatives in rural banking outreach

The government is planning to launch a nationwide programme to rope in dairy and fishery cooperative societies as banking correspondents to expand financial services in rural areas, a top official said on Wednesday. Ministry of Cooperation Secretary Ashish Kumar Bhutani said the programme would leverage the existing network of dairy and fishery cooperatives to act as “bank mitras” or banking agents by offering services such as micro-ATMs and lower-interest farm loans.

https://www.business-standard.com/industry/news/govt-plans-to-enlist-dairy-fishery-co-operatives-in-rural-banking-outreach-124052901353_1.html

Timely rescue of firms pushes IBC recovery to 49%

Creditors have been able to recover nearly half their claims under the Insolvency and Bankruptcy Code (IBC) when the resolution has been completed within the 330-day deadline but delays lowered the proportion of money they got back. Creditors recovered as much as 49% of claims when the IBC process was finished on time but this dropped to 26% when it took 600 days or more, according to Insolvency and Bankruptcy Board of India (IBBI) data. The IBC was introduced eight years ago, in May 2016.

<https://economictimes.indiatimes.com/news/economy/finance/timely-rescue-of-firms-pushes-ibc-recovery-to-49/articleshow/110543746.cms>

Fiscal deficit may fall below revised estimate of 5.8%

The Centre's fiscal deficit could come in marginally lower than the downwardly revised estimate of 5.8% of GDP on the back of robust revenues and lower subsidy outgo, officials said. Tax revenues could exceed the upwardly revised estimate of ₹26.99 lakh crore by ₹27,000 crore. “Fiscal deficit is marginally narrower than even the revised estimates - both in percentage as well as absolute terms,” a senior official told ET. FY24 fiscal deficit in absolute terms was pegged at ₹ 17.3 lakh crore. The government would announce its final accounts for FY24 on May 31. For the next financial year (FY25), the Centre has fixed the fiscal deficit target at 5.1% of the GDP.

<https://economictimes.indiatimes.com/news/economy/indicators/fiscal-deficit-may-fall-below-revised-estimate-of-5-8/articleshow/110543769.cms>

Govt to integrate data repositories to curb GST evasion, fraud

The Central Board of Indirect Taxes and Customs (CBIC) is mulling to merge its existing database of DG (Systems) with that of Goods and Services Tax Network (GSTN) in order to expand its coverage of taxpayer activities, and curb tax evasion, a senior official told FE. “The CBIC is likely to adopt GSTN as the prime database, starting the first week of June,” the official said. At present, the common GST Portal developed by GSTN, is currently functioning as the “front-end” of the overall GST-IT ecosystem; and DG (Systems) is functioning as “back-end” that handles tax administration functions, such as refund, investigation, and adjudication by the tax officers. “From June, GSTN will function as the back-end as well,” said the official.

<https://www.financialexpress.com/policy/economy-govt-to-integrate-data-repositories-to- curb-gst-evasion-fraud-3505224/>

Industry

Weak demand hurts fast food chains in Q4, but outlook strong

Fast food chains continue to feel the pinch of soft demand, with out-of-home food consumption remaining weak for at least four quarters now. But most players remain optimistic about the future, led by an improved macro-economic environment and concerns regarding food inflation receding following an above-normal monsoon forecast. The March 2024 quarter, for instance, saw revenue growth for quick-service restaurants (QSRs) slide to 9% on an average, which is half of what it was in Q4FY23 (18%), according to analysts at BNP Paribas Securities. But companies have no plans to slow down store additions as most believe recovery will be gradual in the market.

<https://www.financialexpress.com/business/industry-weak-demand-hurts-fast-food-chains-in-q4-but-outlook-strongnbs-3505376/>

Car dealers may end up with ₹44,000 crore worth of inventory as demand cools off

Carmakers expect to face a record stockpile of 400,000 vehicles worth ₹44,000 crore by this month-end as demand cools in India after a 3-year run of scorching sales. With car despatches to dealers outpacing demand, passenger vehicle registrations, taken as a proxy for retail sales, are also expected to fall by 5% in May from a year earlier. The likely decline - 2nd this year - comes amid election-related uncertainties, completion of marriage season, and heat waves in several key markets especially Delhi NCR, said industry executives.

<https://economictimes.indiatimes.com/industry/auto/auto-news/car-dealers-may-end-up-with-400k-unit-inventory/articleshow/110543286.cms>

More GCCs set to enter India: Nasscom

India is poised to witness an influx of Global Capability Centers (GCCs) in the coming years, driven by the country's pool of engineering talent and robust capability in innovation and digital transformation, Srikanth Srinivasan, vice president and head of membership and outreach at Nasscom told FE. "The growth trajectory of (GCCs) in the last few years has been phenomenally high. It's important to understand why these organisations choose India—it's largely because of the progress in engineering talent and the country's transformation into a hub for innovation and digital processes," he said.

<https://www.financialexpress.com/business/industry/more-gccs-set-to-enter-india-nasscom/3505368/>

EV incentive scheme FAME 3 to roll out with Rs 10,000 crore outlay

The Prime Minister Narendra Modi-led government's flagship electric vehicle incentive programme, faster adoption and manufacturing of electric vehicles (FAME), is gearing up for its third edition with a significant outlay of approximately Rs 10,000 crore. According to a report by The Economic Times, the scheme is expected to be rolled out within the first 100 days of the new government taking charge next month. FAME-III will offer financial incentives for the purchase of electric two-wheelers, three-wheelers, and government-owned buses. However, a final decision on whether to extend the incentives to electric cars, including those bought by institutional buyers such as taxi aggregators, is still awaited.

https://www.business-standard.com/industry/auto/ev-incentive-scheme-fame-3-to-roll-out-with-rs-10-000-crore-outlay-124052900686_1.html

AI integration with drone tech to enhance capabilities, efficiency: Report

Integration of artificial intelligence with drone technology can enhance capabilities, efficiency, and operational intelligence, such as autonomous navigation, real-time data processing, and advanced analytics, a survey said. A recent survey conducted by Nexgen Exhibitions, the organisers of Drone International Expo, revealed that India's AI mission would significantly boost the growth of the Indian drone sector, a statement said on Wednesday.

https://www.business-standard.com/industry/news/ai-integration-with-drone-tech-to-enhance-capabilities-efficiency-report-124052901129_1.html

Agriculture

India's sugar consumption might touch 30 million tonnes next season

The country's net sugar consumption might touch an unprecedented 30 million tonnes in the next 2024-25 season (October to September) on the back of a steady 2.2 per cent year-on-year growth rate, market participants said.

The net sugar consumption is consumption without accounting for ethanol diversion.

https://www.business-standard.com/industry/news/india-s-sugar-consumption-might-touch-30-million-tonnes-next-season-124052901537_1.html

India set for wheat imports after six years, to shore up reserves

India is poised to begin wheat imports after a six-year gap, to replenish depleted reserves and hold down prices that leaped following three years of disappointing crops, sources say, as the approaching end of general elections removes a key hurdle. New Delhi is expected to abandon a 40% tax on wheat imports this year, officials and other sources told Reuters, paving the way for private traders and flour millers to buy from producers such as top exporter Russia, albeit in modest volumes.

<https://economictimes.indiatimes.com/news/economy/agriculture/india-set-for-wheat-imports-after-six-years-to-shore-up-reserves/articleshow/110531794.cms>

Infrastructure

NCCD revising cold chain guidelines, to serve as roadmap for govt bodies

The National Centre for Cold-Chain Development (NCCD) is revising technical standards and minimum guidelines for cold-chain components which will serve as a road-map for all Central and state government bodies setting up cold chain facilities nationwide, its CEO Asheesh Fotedar said on Wednesday. He was referring to initiatives undertaken by the NCCD, which comes under the administrative control of the Ministry of Agriculture. In addition to the guidelines, NCCD is developing a mobile application to digitise data related to cold chain components. This is expected to increase capacity utilisation, reduce fuel costs, and minimise the carbon footprint. The application will also capture relevant logistic data for policymaking and analytics, Fotedar said at a Ficci conference.

https://www.business-standard.com/industry/news/nccd-revising-cold-chain-guidelines-to-serve-as-roadmap-for-govt-bodies-124052901146_1.html

Energy

Peak power demand at record high of 246.1 GW on Wednesday

India's peak power demand hit a record 246.1 GW till 0300 pm Wednesday as northwest and central parts of the country continue to reel under unprecedented heatwave conditions. The previous record of peak demand was set at 243 GW, including shortage, last September. The peak demand met was 240 GW last year. Peak demand that could not be met today, if any, will be available in a day, a government official said.

<https://economictimes.indiatimes.com/industry/energy/power/peak-power-demand-at-record-high-of-246-1-gw-on-wednesday/articleshow/110543814.cms>

Gas Stations in full throttle as India's power demand touches new record

Thermal power stations running on gas, which were in a beleaguered state, are generating close to 10 gigawatt (Gw), the highest in several years. Pushed by the directive of the Ministry of Power, such thermal power stations are running at an optimal rate of at least 50 per cent. This has pushed up the power sector's demand for gas, which was muted for the past several years. Earlier this year, the ministry gave directives to gas-based power stations to "mandatorily" run during summer.

https://www.business-standard.com/economy/news/gas-stations-in-full-throttle-as-india-s-power-demand-touches-new-record-124052901701_1.html

Bringing natural gas under GST will lead to faster adoption: Petroleum secy

Taxation on natural gas remains key to increasing the use of natural gas in the economy, and the government is 'cautiously optimistic' about bringing the fuel within the fold of the Goods and Services Tax (GST) regime in 2024-25, Petroleum Secretary Pankaj Jain said on Wednesday. Speaking at an online seminar on India's natural gas and LNG sectors by the International Energy Agency (IEA) and the Petroleum Ministry, Jain said bringing natural gas under the ambit of the GST regime would accelerate the shift towards natural gas.

https://www.business-standard.com/economy/news/bringing-natural-gas-under-gst-will-lead-to-faster-adoption-petroleum-secy-124052901585_1.html

Telecom

Telecom operators seek 5-6 year moratorium on spectrum purchases after 2025

Bharti Airtel, Reliance Jio, and Vodafone Idea have requested a 5-6 year grace period without interest, or moratorium, on payments for the spectrum acquired in auctions from 2025 onwards, according to a report in the Financial Express. Spectrum is typically leased to operators for a 20-year term, implying that the operators will pay over a 14-15 year period through equal annual installments. In their communication to the Telecom Regulatory Authority of India (Trai), the operators said such a moratorium is needed on spectrum bought in auctions from next year. They cited significant capital expenditure incurred in deploying 5G services, which have yet to generate revenue. They also emphasised the ongoing need for further investment in their networks.

https://www.business-standard.com/industry/news/telecom-operators-seek-5-6-year-moratorium-on-spectrum-purchases-after-2025-124052900526_1.html

Healthcare

Pharma bosses told to submit affidavits on ethical practices

Executive heads of pharmaceutical companies have been asked to submit an undertaking to the government, citing compliance with provisions of Uniform Code for Pharmaceuticals Marketing Practices (UCPMP) 2024. The newly notified UCPMP prohibits companies from organising workshops abroad for healthcare professionals or offering them hotel stay, expensive cuisine or monetary grants to control unethical practices in the pharma industry.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals/pharma-bosses-told-to-submit-affidavits-on-ethical-practices/articleshow/110543321.cms>

External

Call for removal of basmati export floor price grows

Exporters have sought removal of the minimum export price (MEP) of \$950/tonne for basmati rice to maintain the export momentum this fiscal, taking into account large stocks and bumper harvest forecast. They said prices of the aromatic and long grain have gone down in the domestic as well as global markets, so the government needs to remove the MEP to sustain last year's record export. In FY24, India exported a record 5.24 million tonne (MT) of aromatic rice valued at \$5.83 billion.

<https://www.financialexpress.com/policy/economy-call-for-removal-of-basmati-export-floor-price-grows-3505384/>

'India should seek easy visa norms for unskilled workers in bilateral pact'

India should seek easy visa norms in bilateral agreements with different countries for its semi and unskilled workers as it would help increase flow of remittances, and higher wages to labourers, trade experts said. They said easy visa norms will also help contain illegal entry of Indian labourers into developed and rich nations. Normally in a free trade agreement, two trading partners seek greater market access for its skilled professionals. India, too, asks for easy provisions for its IT and other skilled workforce.

https://www.business-standard.com/industry/news/india-should-seek-easy-visa-norms-for-unskilled-workers-in-bilateral-pact-124052901539_1.html

'Silver imports in 4 months surpass all of 2023 due to solar panel demand'

India's silver imports in the first four months of the year have already surpassed the total for all of 2023, on rising demand from the solar panel industry and as investors bet on an outperformance versus gold, government and industry officials told Reuters. Increased imports by the world's biggest silver consumer could support global prices, which are trading near their highest level in more than a decade.

https://www.business-standard.com/markets/commodities/silver-imports-in-4-months-surpass-all-of-2023-due-to-solar-panel-demand-124052901384_1.html

Pledged \$2.6 bn sovereign loans to India in 2023: ADB

The Asian Development Bank (ADB) Wednesday said it pledged \$2.6 billion sovereign lending to India in 2023 for projects that sought to bolster urban development, support industrial corridor projects, promote power reforms, build climate resilience, boost horticulture and enhance connectivity. ADB also committed over \$1 billion for private sector projects during the year, it said in a statement. The multilateral lender said it also extended \$23.53 million in technical assistance and \$4.1 million in grants under the sovereign portfolio.

<https://economictimes.indiatimes.com/news/economy/finance/pledged-2-6-bn-sovereign-loans-to-india-in-2023-ADB/articleshow/110543682.cms>