



June 04, 2024 – Tuesday

Economy

Heatwave drags manufacturing growth to three-month low in May: PMI data

India's manufacturing growth slowed to a three-month low in May as intensive heatwave hampered production volumes leading to a softer rise in new orders and output. But the sector remained in expansionary territory in May. The headline Purchasing Managers' Index (PMI) figure, released by HSBC on Monday, slipped to 57.5 in May from 58.8 in April.

https://www.business-standard.com/economy/news/india-s-manufacturing-growth-slows-for-3rd-straight-month-in-may-pmi-124060300474_1.html

FY25 begins with tepid work demand under MGNREGA, shows govt data

Work demand under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) declined during the first two months of the current financial year (FY25) as compared to same period last year. However, the number of workers seeking jobs under the scheme remained higher than the pre-Covid levels. In April 2024, around 21.51 million households sought work under the scheme, which was 10.59 per cent lower than the number of households who sought work in April 2023.

https://www.business-standard.com/economy/news/mgnregs-work-demand-dips-in-apr-may-as-compared-to-same-period-last-year-124060300852_1.html

Strong growth, lower fiscal deficit may lead to India rating upgrade: Deutsche Bank

Strong growth and a narrower fiscal deficit can lead to a sovereign rating upgrade for India, a German brokerage said on Monday. The government's commitments on fiscal deficit to 5.1 per cent in FY25 and further down to 4.5 per cent in FY26 "look more credible now", analysts at Deutsche Bank said, pointing out that the number came in at 5.6 per cent in FY24 as against the budgeted 5.8 per cent. Courtesy the higher than expected dividend announcement by the Reserve Bank of India (RBI) at Rs 2.1 lakh crore, the fiscal deficit for FY25 can come down to 5 per cent as against the budgeted 5.1 per cent. On growth, the note said it expects real GDP expansion to come at 6.9 per cent in FY25 and go down further to 6.5 per cent in FY26.

<https://economictimes.indiatimes.com/news/economy/indicators/strong-growth-lower-fiscal-deficit-may-lead-to-india-rating-upgrade-deutsche-bank/articleshow/110669969.cms>

Finance

Government initiates parametric & hydroelectric insurance pools for enhanced disaster protection

The government is working on parametric and hydroelectric insurance pools for better disaster protection, and is engaging with regulators and insurers for such products, said GIC chairman Ramaswamy Narayanan. The parametric cover will pay claims based on predefined disaster triggers, such as earthquakes or storms, while the hydroelectric pool will insure losses to power projects due to natural catastrophes. Drawing on the successful model of the post-2004 terrorism insurance pool, he said that these schemes would cover property against natural disasters like floods and wind events, he said.

<https://economictimes.indiatimes.com/industry/banking/finance/insure/government-initiates-parametric-hydroelectric-insurance-pools-for-enhanced-disaster-protection/articleshow/110676125.cms>

2.2 pc of Rs 2000 banknotes, with value of Rs 7755 crore, still in circulation

About 2.2 per cent or Rs 7,755 crore of the withdrawn Rs 2,000 banknotes are still in circulation, about eight months after the deadline to deposit or exchange them at bank branches was over. This essentially means 97.82 per cent of the total value of the high-value Rs 2,000 banknotes are back in the banking system by the end of May 2024.

<https://economictimes.indiatimes.com/news/economy/indicators/2-2-pc-of-rs-2000-banknotes-with-value-of-rs-7755-crore-still-in-circulation/articleshow/110666930.cms>

Risk weighting slows unsecured loan growth

The pace of expansion in unsecured credit, such as personal loans and credit-card outstanding, has continued to slide in India after the central bank enhanced the risk weighting on such exposures to minimise the likelihood of mounting delinquencies in the banking system. Unsecured loan growth slowed to about 18% in April, from 23% in November 2023, when the central bank made it less attractive for lenders to advance such credit, the latest data published by the Reserve Bank of India (RBI) showed.

<https://economictimes.indiatimes.com/industry/banking/finance/risk-weighting-slows-unsecured-loan-growth/articleshow/110676130.cms>

Industry

May 2024, saw marginal decline in domestic 2-wheeler sales, exports however were up

The two-wheeler sales in India experienced a marginal decline in May as compared to the same period in the previous year. The major two-wheeler manufacturers of the country reported a decrease in sales numbers, reflecting a broader trend in the industry. Market leader Hero MotoCorp, sold 498,123 units in May 2024, marking a decrease from the 519,474 units sold in May 2023. This decline was observed in both the scooter and motorcycle segments. Specifically, Hero MotoCorp's scooter sales fell to 26,937 units in May 2024, down from 30,138 units in May 2023. Motorcycle sales also saw a decline, with 471,186 units sold in May 2024 compared to 489,336 units in May 2023.

<https://economictimes.indiatimes.com/industry/auto/two-wheelers-three-wheelers/may-2024-saw-marginal-decline-in-domestic-2-wheeler-sales-exports-however-were-up/articleshow/110657528.cms>

India's electric car incentives limited to new investments: Officials

Incentives offered under a recently announced scheme to promote local production of electric cars will be applicable only to automakers that make fresh investments in a new manufacturing facility in India, senior government officials told ET. Foreign firms, including those with existing facilities in India, can apply for benefits under the Scheme for Manufacturing of Electric Cars (SMEC), which allows automakers to initially import high-end electric cars at a concessional duty even as they set up local units and scale up production. But there will be no "retrospective" approval for investments that have already been made, one of the officials said.

<https://economictimes.indiatimes.com/industry/renewables/indias-electric-car-incentives-limited-to-new-investments-officials/articleshow/110676656.cms>

Food companies can't claim '100% fruit juice': FSSAI

The Food Safety and Standards Authority of India (FSSAI) has ordered all food companies to remove any claim of '100% fruit juices' from the labels and advertisements of reconstituted fruit juices with an immediate effect, it said in a statement. It has also asked all companies to exhaust all existing pre-printed packaging materials before September 1, 2024. "It has come to the attention of FSSAI that several FBOs have been inaccurately marketing various types of reconstituted fruit juices by claiming them to be 100% fruit juices, " FSSAI said in a statement on Monday.

<https://economictimes.indiatimes.com/industry/cons-products/food/food-companies-cant-claim-100-fruit-juice-fssai/articleshow/110673919.cms>

Metallurgical coke curbs: Commerce dept, SteelMin tussle over import quota

The steel ministry and the commerce department are in a tussle over imposing quantitative import restrictions on low-ash metallurgical coke, a key raw material used to manufacture steel. In a letter last week, the steel ministry urged the commerce department not to accept the recent recommendations of the Directorate General of Trade Remedies (DGTR) on imposing quantitative import restrictions on the raw material.

https://www.business-standard.com/industry/news/commerce-dept-steel-ministry-tussle-over-import-metallurgical-coke-quota-124060300997_1.html

ICRA revises domestic steel consumption growth upwards to 9-10% for FY25

Credit rating agency ICRA has revised its 2024-25 (FY25) full-year steel demand growth target to 9-10 per cent, 200 basis points higher compared to the earlier estimate of 7-8 per cent. The growth forecast factors in the latest trends in the sector. Domestic steel consumption between February to April 2024 registered a growth of 11.3 per cent. In its note on the steel sector, ICRA mentioned that while government capex spending was healthy until February 2024, other steel consuming sectors like housing/real estate contributed to the resilient demand thereafter.

https://www.business-standard.com/industry/news/icra-revises-domestic-steel-consumption-growth-upwards-to-9-10-for-fy25-124060300500_1.html

Govt bolsters ACC testing infra as PLI beneficiaries near production stage

With beneficiaries of India's ambitious production-linked incentive (PLI) scheme for advanced chemical cells (ACC) heading towards the manufacturing stage, the Centre is planning to ramp up its capacity to test these cells. The Ministry of Heavy Industries (MHI) has urged its automotive testing agencies — International Centre for Automotive Technology (iCAT) and the Automotive Research Association of India (ARAI) — to get accreditation from the National Accreditation Board for Testing and Calibration Laboratories (NABL) for testing cells produced under the ACC PLI, Business Standard has learnt.

https://www.business-standard.com/industry/news/govt-bolsters-acc-testing-infra-as-pli-beneficiaries-near-production-stage-124052801720_1.html

Agriculture

Wheat stocks fall to lowest since 2008

Wheat stocks in the central pool held by the Food Corporation of India (FCI) and state agencies dipped to 30.09 million tonne (MT) at the beginning of this month, the lowest level since 2008, causing fears about another spurt in wheat prices. However, the food ministry officials said the grain stock would be sufficient to carry out open market sales if wheat prices start flare up in coming months. They also reckon the stocks may still be sufficient to meet the requirement of grains under Pradhan Mantri Garib Kalyana Anna Yojana (PMGKAY).

<https://www.financialexpress.com/policy/economy-wheat-stocks-fall-to-lowest-since-2008-3510208/>

Infrastructure

NHAI's revised toll rates come to effect across highways

The revised toll charges for motorists on national highways across the country have come to effect from Monday, an official said. The National Highways Authority of India (NHAI) has hiked the toll charges by an average of 5 per cent. The hike is part of NHAI's annual exercise where the state-owned body calculates new rates factoring in several parameters, the senior NHAI official told PTI.

<https://economictimes.indiatimes.com/news/economy/infrastructure/nhais-revised-toll-rates-come-to-effect-across-highways/articleshow/110666790.cms>

Cargo traffic across major ports rises over 3% to 72.04 mn tonnes in May

Cargo traffic across 12 major ports in the country increased by 3.75 per cent year-on-year in May to 72.04 million tones (MT) from 69.43 MT handled in the corresponding month of 2023 with nine such ports showing positive growth. Visakhapatnam Port registered the maximum cargo growth in cargo handling at 22.05 per cent during the reporting month followed by Chennai Port with 9.10 per cent, Cochin Port with 7.78 per cent and Mumbai Port with 5.89 per cent, according to data released by the major ports' apex body, Indian Ports Association (IPA).

https://www.business-standard.com/industry/news/cargo-traffic-across-major-ports-rises-over-3-to-72-04-mn-tonnes-in-may-124060301040_1.html

India to host IATA's annual global airlines summit after 42 years

India will host the world's most premier aviation event, the annual general meeting (AGM) of the International Air Transport Association (IATA), in 2025, after a gap of 42 years. The chiefs and various other top executives of almost all global airlines, aircraft manufacturers, and other aviation sector stakeholders gather once a year at IATA's AGM to discuss issues pertaining to the global aviation sector.

https://www.business-standard.com/industry/news/india-to-host-iata-s-annual-global-airlines-summit-after-42-years-124060300548_1.html

India's retail realty expansion to continue led by urbanization, consumption growth

Reflecting the dynamic evolution of India's retail sector, driven by increasing urbanization, rising consumer demand, and a robust economy, the completion of organized retail spaces is expected to surge significantly over the next five years. In response to the evolving preferences of modern shoppers seeking unique experiences, developers are also increasingly prioritizing the development of larger retail centres.

<https://economictimes.indiatimes.com/industry/services/property/-/construction/indias-retail-realty-expansion-to-continue-to-be-led-by-urbanisation-consumption-growth/articleshow/110659203.cms>

Energy

Coal production in India rises 10% to 83.91 mn tonnes in May: Govt data

The government on Monday asked all advertisers and advertising agencies to submit a self-declaration certificate making it clear that the advertisement does not contain misleading claims and adheres to regulatory guidelines. The self-declaration has to be submitted for all new print, digital, television and radio advertisements as required by a Supreme Court directive issued last month.

https://www.business-standard.com/industry/news/govt-asks-advertisers-to-submit-self-declaration-certificate-from-june-18-124060301163_1.html

Despite record peak demand, power exchange prices remain lower than last year's peak period

The average daily price in the day-ahead market on the power exchange in May, when peak demand reached record highs, was lower than last year's peak period in mid-August and mid-September, indicating sufficient supply from all major energy sources. Despite higher demand, the average daily price in the day ahead market (DAM) on the Indian Energy Exchange between May 1 and June 2 was ₹ 5.30 a unit, compared with ₹ 7.75 a unit in the peak demand period of mid-August to mid-September last year. "Supply is quite decent. It is further improving now with an increase in hydro and wind power generation," an industry source said.

<https://economictimes.indiatimes.com/industry/energy/power/despite-record-peak-demand-power-exchange-prices-remain-lower-than-last-years-peak-period/articleshow/110676034.cms>

Capacity utilisation by gas-based power plants at 4-year high in April

The plant load factor (PLF), or capacity utilisation, of gas-based power plants rose to 21.4 per cent in April 2024, a four-year high for the month, as the government mandated such plants to run at optimum capacity to meet India's rising electricity consumption.

<https://www.thehindubusinessline.com/companies/capacity-utilisation-by-gas-based-power-plants-at-4-year-high-in-april/article68247024.ece>

Healthcare

Govt issues guidance paper to strengthen vaccine companies' reporting of adverse events

The government has come out with a "structured" guidance document for the pharmaceutical industry including importers and manufacturers of human vaccines for spontaneous reporting of adverse events, amid controversies surrounding Covid-19 vaccines' side-effects. The new report released last week aims to provide guidance to the

manufacturers and importers of vaccines in the country so as to strengthen their AE/AEFI (adverse events following immunisation) monitoring and reporting and pharmacovigilance department to ensure patient safety.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/healthcare/govt-issues-guidance-paper-to-strengthen-vaccine-companies-reporting-of-adverse-events/articleshow/110676025.cms>

External

Petroleum products exports up 3.3% in May

After registering a drop of over 11% in April, India's export of refined oil products regained momentum and rose marginally last month as the demand increased. The country exported 1.24 million barrels per day of petroleum products in May, registering a marginal increase of 3.3% against 1.20 million barrels per day in April, data from ship tracking intelligence firm Vortexa showed.

<https://www.financialexpress.com/policy/economy-petroleum-products-exports-up-3-3-in-may-3510388/>