



June 06, 2024 – Thursday

Economy

May services growth at five-month low as domestic demand weakens

Growth in India's services sector slowed in May to a five-month low as domestic demand weakened, according to a survey, which also showed exports growing and job creation improving. The headline Purchasing Managers' Index (PMI) figure released by HSBC on Wednesday saw a decline to 60.2 in May from 60.8 in April. "May data showed that robust increases in new business intakes continued to underpin output growth across India's service economy. Rates of expansion eased to the slowest in the calendar year-to-date, however, amid fierce competition, price pressures and a severe heat wave," it said.

https://www.business-standard.com/economy/news/may-services-growth-at-five-month-low-as-domestic-demand-weakens-124060500763_1.html

Passing major reforms may prove difficult for next govt: Rating agencies

Rating agencies such as Fitch and Moody's on Wednesday said passing major and contentious reforms such as land and labour could prove more difficult for the next Bharatiya Janata Party (BJP)-led coalition government though broad policy continuity may persist. Jeremy Zook, director and primary sovereign analyst for India, Fitch Ratings, in a note, said that a weakened majority could pose challenges for the more ambitious elements of the government's reform agenda, even as the strong medium-term growth outlook remains intact, underpinned by the government capex drive and improved corporate and bank balance sheets.

https://www.business-standard.com/economy/news/passing-major-reforms-may-prove-difficult-for-next-govt-rating-agencies-124060500916_1.html

India set for first current account surplus in 10 quarters by Q4FY24: Ind-Ra

India Ratings and Research (Ind-Ra) projects that India's current account balance (CAB) will achieve a surplus of approximately USD 6 billion (0.6 per cent of GDP) in the fourth quarter of the fiscal year 2024 (Q4FY24). This marks the first surplus since the first quarter of fiscal year 2022 (1QFY22), a significant turnaround from the previous quarter's deficit of USD 10.5 billion (1.2 per cent of GDP). Despite this positive quarter, the overall CAB for FY24 is expected to remain in deficit at 0.6 per cent of GDP, the lowest since FY17, excluding the pandemic-affected FY21.

<https://economictimes.indiatimes.com/news/economy/finance/india-set-for-first-current-account-surplus-in-10-quarters-by-4qfy24-ind-ra/articleshow/110732121.cms>

White collar hiring improves on demand from oil & gas, banking sectors

White collar hiring has begun improving steadily on the back of major sectors like Oil and Gas, Banking and FMCG, a report said on Wednesday. Hiring activity grew by 6 per cent in May compared to April driven by sectors like Healthcare and the Travel and Hospitality, according to the report. White collar hiring, however, was down by 2 per cent compared to the same month last year. Most sectors reported mid-single-digit growths, however, decline in hiring in IT (0 per cent YoY), BPO (3 per cent) and Education (5 per cent) dragged down the overall Naukri JobSpeak Index, it stated.

https://www.business-standard.com/economy/news/white-collar-hiring-improving-on-rise-in-demand-from-oil-gas-banking-fmccg-sectors-report-124060500918_1.html

Job demand in renewable energy sector surges 23.7% in FY24: Report

On the occasion of the World Environment Day, a report on Wednesday revealed that in India the job demand in the renewable energy sector witnessed a growth of 23.7 per cent during 2023-24, accompanied by a consistent decline in attrition rates. The renewable energy sector has experienced a remarkable surge in jobs, with a staggering 23.7 per cent increase in FY24, compared to 8.5 per cent in FY23, according to a report by staffing company TeamLease Services.

https://www.business-standard.com/industry/news/job-demand-in-renewable-energy-sector-surges-23-7-in-fy24-report-124060501157_1.html

Finance

RBI rate-setting panel starts deliberations on monetary policy, decision on Friday

The rate-setting panel of RBI on Wednesday started its three-day deliberations to decide the next monetary policy amid expectations of continuation of the current interest rate. Reserve Bank Governor Shaktikanta Das will announce the decisions taken by the Monetary Policy Committee (MPC) on Friday. Experts are of the view that the central bank is unlikely to cut the benchmark interest rate (repo) as inflation still remains a matter of concern.

<https://economictimes.indiatimes.com/news/economy/policy/rbi-rate-setting-panel-starts-deliberations-on-monetary-policy-decision-on-friday/articleshow/110737266.cms>

NBFCs' funding costs to rise as banks cut back

The cost of funds for non-banks could rise 200 to 300 basis points as banks squeeze funding to this segment. Recent data show that bank funds to the non-bank segment dropped to 15% in April from 22% seen in the same period last year. Non-banks are also likely to face a squeeze on their margins and profitability as they access more expensive sources of borrowing. Bank funding to non-banks accounts for more than half of their overall borrowings.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/nbfc-funding-costs-to-rise-as-banks-cut-back/articleshow/110746546.cms>

SEBI mandates direct payout of securities to clients

The SEBI has made the process of securities payout directly to the client account mandatory from October 14. This is to protect clients' securities and to ensure that the stock brokers segregate securities of the clients so that they are not vulnerable to misuse. Currently, the securities received in payouts are pooled by the broker and then credited to the respective client demat accounts. As per the new proposals, the securities for pay-out will be credited directly to the respective client's demat account by the clearing corporations. CCs will provide a mechanism for trading or clearing members to identify the unpaid securities and funded stocks under the margin trading facility.

<https://www.thehindubusinessline.com/markets/sebi-mandates-direct-payout-of-securities-to-clients/article68255705.ece>

Centre proposes new excise law, ease of doing business in focus

The Central Board of Indirect Taxes & Customs has invited suggestions on the draft 'Central Excise Bill, 2024', which aims to enact a comprehensive modern central excise law with an emphasis on promoting ease of doing business and repealing old and redundant provisions. The main aim of this bill is to remove outdated and redundant provisions following the introduction of the Goods and Services Tax (GST). This Bill addresses the long-standing demand from industry players to align excise duty provisions with GST legislation, experts say.

<https://www.financialexpress.com/policy/economy-centre-proposes-new-excise-law-ease-of-doing-business-in-focus-3514847/>

Industry

MeitY will continue momentum in new govt by building on past legacies: Secy

MeitY Secretary S Krishnan, while commenting on the policy roadmap for the IT ministry going ahead, said that the ministry will continue the momentum and take up new initiatives and build on past legacies. "When a government

comes in, there has to be new measures taken....we have a number of initiatives that have been in the works, and with the new government forming up, we will put those as the Ministry's agenda. We will have to build on past successes and take it forward," said Krishnan at the sidelines of a Software Technology Park of India (STPI) event.

https://www.business-standard.com/industry/news/meity-will-continue-momentum-in-new-govt-by-building-on-past-legacies-secy-124060500880_1.html

Food processing industry should focus on quality, says Anita Praveen

Amid growing scrutiny of processed food in the country, a senior official at the Ministry of Food Processing Industries on Wednesday asked that industry to take a cue from international standards even if they have to "compromise a little" on profit margins. "Sometimes we say 'we meet Indian standards', but there is an international standard, which is better. Profit margins sometimes may have to be cut a little bit to meet them," said Anita Praveen, secretary at the Ministry of Food Processing Industries, who was speaking at the 15th edition of FICCI Foodworld India.

https://www.business-standard.com/industry/news/food-processing-industry-should-focus-on-quality-says-anita-praveen-124060501151_1.html

Ministry of steel bets against limiting imports of key raw material

India's ministry of steel is against limiting imports of low ash metallurgical coke, a steelmaking ingredient, according to a source familiar with the matter and a government note, in a potential blow for local producers of the raw material. After complaints from local producers about rising imports since 2019/20, India's Directorate General of Trade Remedies (DGTR), which comes under the trade ministry, in April backed capping imports of low ash metallurgical coke at 2.85 million metric tons for one year.

https://www.business-standard.com/industry/news/ministry-of-steel-bets-against-limiting-imports-of-key-raw-material-124060500758_1.html

Environmental and financial benefits drive EV adoption in India: Study

Electric vehicles (EVs) are zooming on Indian roads, as nearly 77 per cent of EV owners are motivated by reduced emissions. Among younger drivers, this eco-consciousness soars to 81 per cent. Environmental benefits and reduced fuel costs are the top reasons for switching to EVs, however they come with their own set of challenges. According to a new study by general insurance major ICICI Lombard General Insurance, environmental benefits and reduced fuel costs are the top reasons for switching to EVs.

https://www.business-standard.com/industry/news/environmental-and-financial-benefits-drive-ev-adoption-in-india-study-124060501011_1.html

ARAI to invest Rs 500 cr over next 4-5 yrs to enhance H2ICE testing infra

Automotive testing and certification agency Automotive Research Association of India (ARAI) plans to invest Rs 500 crore over the next four to five years to improve the country's vehicle testing infrastructure. This investment will go towards setting up testing infrastructure for hydrogen-internal combustion engine (H2ICE)-powered vehicles and construction equipment, as well as for additional safety technologies.

https://www.business-standard.com/economy/news/arai-to-invest-rs-500-cr-over-next-4-5-yrs-to-enhance-h2ice-testing-infra-124060501131_1.html

Agriculture

₹1 investment in agri R&D can fetch ₹13 return, says NAAS chief

As the newly-formed government charts its 100-day agenda, the National Academy of Agricultural Sciences (NAAS) president Himanshu Pathak on Wednesday underscored the need for a major overhaul in India's agricultural research and education system. His call comes amid challenges such as high cultivation costs, low productivity, and climate change impacts. "As we move ahead, there is a need to address these challenges. There is a need to transform the way agri-research and education is done in the country," Pathak said at the NAAS Foundation Day Programme. He emphasised that the vision for Indian agriculture should be "globally competitive and sustainable farming".

<https://economictimes.indiatimes.com/news/economy/agriculture/1-investment-in-agri-rd-can-fetch-13-return-says-naas-chief/articleshow/110734188.cms>

Infrastructure

Rail coal freight volume rises 9.3% on summer demand pull: Govt data

With the summer heat reaching record highs in northern India in May, Indian Railways ferried 9.3 per cent more coal than last year, and freight volumes for all commodities on the railway network grew 3.9 per cent in the previous month, according to government data. A total of 139.16 million tonnes (mt) of freight was loaded in May 2024 compared to 128.3 mt in April, up 8.46 per cent month-on-month, a senior government official said.

https://www.business-standard.com/economy/news/summer-heat-pushes-rail-coal-freight-up-by-9-3-than-last-year-govt-data-124060501108_1.html

India aviation industry losses to widen to \$400-600 mn in FY25: CAPA India

Indian airlines are expected to post a bigger industry-wide loss in fiscal 2025 as higher costs outweigh rising demand and costlier tickets, a top aviation consultancy said on Wednesday. CAPA India estimated losses for the year ending March 2025 at between \$400 million to \$600 million. The industry reported a loss of \$300 million - \$400 million the previous year, helped by market leader IndiGo's record profit.

https://www.business-standard.com/industry/news/india-s-aviation-industry-to-report-wider-losses-in-fy25-says-capa-india-124060500372_1.html

Government's protectionist move divides aviation industry

India's policy to freeze flying rights to Middle East nations has divided the aviation industry with Air India CEO Campbell Wilson calling for limiting market access for foreign carriers. However, Wilson's call for more protectionism has not found support among other Indian carriers like IndiGo and new entrants Akasa who are looking to launch new flights to the Middle East. "Indian carriers have recently ordered more than 1,000 aircraft. We have an appetite for more. We are committing to that on the basis that there would be an economic return to that investment, which, if you add it all, is well over \$100 billion. If the rug is pulled out from under us, and if we can't fly those aircraft, we will not take those planes," he said.

<https://economictimes.indiatimes.com/industry/transportation/airlines/-aviation/governments-protectionist-move-divides-aviation-industry/articleshow/110747280.cms>

India plans new shipping firm to expand fleet by 1,000 ships in next decade

India plans to set up a new shipping company to expand its fleet by at least 1,000 ships in the next decade, as Asia's third-largest economy seeks a bigger chunk of revenue from surging trade, two government officials said. The South Asian nation is spending billions of dollars to refurbish infrastructure in its race to become a world-class manufacturer with Prime Minister Narendra Modi, who won a third term this week, aiming for it to be a developed nation by 2047.

https://www.business-standard.com/industry/news/india-plans-new-shipping-firm-to-expand-fleet-by-1-000-ships-in-next-decade-124060500536_1.html

Listed Indian REITs and InvITs have distributed over ₹30,000 crore to unit holders since inception: Report

Publicly listed REITs and InvITs in India have distributed over ₹30,000 crore to unitholders since their inception over 5 and 7 years, respectively, according to the Indian REITs Association and Bharat InvITs Association.

<https://www.thehindubusinessline.com/markets/listed-indian-reits-and-invits-have-distributed-over-30000-crore-to-unit-holders-since-inception-report/article68255134.ece>

Energy

Electricity trade volumes on IEX jumps nearly 29 pc to 10,633 mn units in May

Indian Energy Exchange's (IEX) overall trade volume grew nearly 29 per cent to 10,633 million units (MU) in May against 8,251 MU in the year-ago period. The electricity (trade) volumes at 9,568 MU increased 21 per cent year-on-year, an IEX statement said. According to the statement, IEX achieved a monthly overall volume of 10,633 MU in May 2024, marking a 28.9 per cent year-on-year increase. The renewable energy certificates (REC) increased 640.3 per cent year-on-year to 1,055 MU.

<https://economictimes.indiatimes.com/industry/energy/power/electricity-trade-volumes-on-iex-jumps-nearly-29-pc-to-10633-mn-units-in-may/articleshow/110746074.cms>

Telecom

DoT begins baseline survey for MSME; focuses on digital evolution via 5G

The Department of Telecommunications (DoT) has sought proposals from organisations and startups to develop a comprehensive Industry 4.0 baseline survey for the MSME sector in India, focusing on digital transformation through 5G technologies. The survey aims to assess the current state of readiness for Industry 4.0 in the manufacturing sector, especially MSMEs, to identify improvements and prioritise investments, the department said on Wednesday.

https://www.business-standard.com/industry/news/dot-begins-baseline-survey-for-msme-focuses-on-digital-evolution-via-5g-124060501109_1.html

External

India, US, 12 others likely to ink pact today to meet climate financing goal

India, the US and 12 other countries on Thursday are likely to ink an agreement to help them meet their climate objectives through collaborative financing without imposing barriers. The proposed Clean Economy Agreement under the Indo-Pacific Economic Framework (IPEF) aims to help the member countries meet their climate objectives by improving market conditions, officials said.

<https://economictimes.indiatimes.com/news/economy/finance/india-us-12-others-likely-to-ink-pact-today-to-meet-climate-financing-goal/articleshow/110746099.cms>

CBIC starts electronic disbursement of duty drawback to exporter's bank accounts via PFMS

The Central Board of Indirect Taxes and Customs (CBIC) on Wednesday said it will now electronically disburse duty drawback amounts directly to exporters' bank accounts using the PFMS platform, a move which will increase transparency and will improve efficiency of the process. The Central Board of Indirect Taxes and Customs (CBIC) on Wednesday said it will now electronically disburse duty drawback amounts directly to exporters' bank accounts using the PFMS platform, a move which will increase transparency and will improve efficiency of the process.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/cbic-starts-electronic-disbursement-of-duty-drawback-to-exporters-bank-accounts-via-pfms/articleshow/110744644.cms>

India to drag Australia to WTO arbitration on services trade commitments

In a first, India has dragged Australia to arbitration at the World Trade Organization (WTO) as Canberra is making changes to its commitments which New Delhi believes could impact its services trade. These commitments seek to mitigate unintended trade restrictive effects or measures relating to licensing and qualification requirements. The new disciplines on services domestic regulation is expected to lower trade costs by over \$125 billion globally and around 70 countries have committed to them.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-to-drag-australia-to-wto-arbitration-on-services-trade-commitments/articleshow/110712728.cms>