



June 26, 2024 – Wednesday

Economy

Budget 2024: FinMin may revise nominal GDP growth target upwards for FY25

Anticipating better economic expansion, the finance ministry is likely to increase its nominal gross domestic product (GDP) growth target for FY25 in the upcoming Budget from its assumption of 10.5 per cent in the Interim Budget, in February. "The nominal GDP growth assumption for FY25 may be revised upwards on higher growth expectations. It is likely to be 10.5-11 per cent," a senior government official said. Nominal GDP, calculated at current market prices, factors in the effect of inflation and is used as the base to calculate crucial macroeconomic indicators, such as tax buoyancy, fiscal deficit, revenue deficit, and debt-to-GDP ratio.

https://www.business-standard.com/economy/news/budget-2024-finmin-may-revise-nominal-gdp-growth-target-upwards-for-fy25-124062501203_1.html

India's inflation also K-shaped; villagers more hurt by price-rise: HSBC

Just like the post-pandemic recovery, the Indian inflation story is also 'K-shaped' and is hurting certain sections more than others, a foreign brokerage said on Tuesday. Rural consumers are more impacted by price-rise than their urban counterparts, economists at HSBC said, adding it outstripped the urban segment by 1.1 percentage point in May, mainly due to higher food inflation. "The same developments, driving a K-shaped recovery, seem to be driving K-shaped inflation dynamics," they said in a report.

https://www.business-standard.com/economy/news/india-s-inflation-also-k-shaped-villagers-more-hurt-by-price-rise-hsbc-124062500950_1.html

India's growing water shortage may weigh on its credit health: Moody's

India is facing a growing water shortage as consumption is rising amid a rapidly growing economy and frequent natural disasters which is detrimental to the credit health of the country, and for sectors like power generators and steelmakers that are heavily dependent on it, Moody's Ratings said on Tuesday. "Growing water stress can negatively affect India's sovereign credit strength", it said in a report. Investment in water management for the long term can mitigate risks from potential water shortages, it added.

<https://economictimes.indiatimes.com/news/economy/indicators/indias-growing-water-shortage-may-weigh-on-its-credit-health-moodys/articleshow/111253995.cms>

NPS logs over 110,000 fresh subscribers in April, reveals NSO data

As many as 110,655 fresh subscribers joined the National Pension System in April, with state government employees constituting nearly two-thirds of these new subscribers, latest data released by the National Statistical Office on Tuesday showed. Of the total subscribers, 79,876 subscribers belonged to the state governments, while 20,000 subscribers belonged to the central government. On the other hand, only 10,250 subscribers belonged to the corporate segment during the month.

https://www.business-standard.com/economy/news/nps-logs-over-110-000-fresh-subscribers-in-april-reveals-nso-data-124062501067_1.html

Trade unions seek higher I-T exemption limit, doubling of MGNREGA work offers

Trade unions have asked the government to increase the income tax exemption limit, double the work on offer per family under the jobs guarantee scheme, and widen the social security net to cover the unorganised sector workers. In their pre-budget meeting with Finance Minister Nirmala Sitharaman, the unions also sought the constitution of the 8th Pay Commission and the restoration of the old pension scheme (OPS).

<https://www.financialexpress.com/business/industry-trade-unions-seek-higher-i-t-exemption-limit-doubling-of-mgnrega-work-offers-3533766/>

Finance

Finance ministry asks PSBs to revive inoperative Jan Dhan accounts

The Union Finance Ministry has asked Public Sector Banks (PSBs) to revive inoperative accounts under the Pradhan Mantri Jan-Dhan Yojana (PMJDY). "We have been directed to focus on PMJDY accounts that have become inactive. This is a part of the financial inclusion initiative, as some individuals tend to forget about these accounts after opening them. The Department of Financial Services (DFS) has urged us to address this issue," said a senior banker who attended the meeting, requesting anonymity.

https://www.business-standard.com/economy/news/finance-ministry-asks-psbs-to-revive-inoperative-jan-dhan-accounts-124062501299_1.html

Makeover likely to give faceless I-T assessment a friendlier face

India is reviewing the 'faceless' income tax (I-T) assessment mechanism to make it more taxpayer-friendly, following suggestions that the programme can be made more effective. A hybrid formula is being examined that could allow taxpayers to pick either the faceless scheme or in-person resolution, people familiar with the development told ET. "It is being reviewed to assess effectiveness," said an official, adding that there is a line of thinking that it should be made optional for taxpayers. Another official said the idea is to address challenges in its implementation to ease compliance further for taxpayers. A final call will be taken shortly, the official said.

<https://economictimes.indiatimes.com/news/economy/policy/makeover-likely-to-give-faceless-i-t-assessment-a-friendlier-face/articleshow/111267491.cms>

Short debt's share in total external debt down 2.1 percentage points: RBI

Reflecting the country's robust external sector profile, the share of short-term debt with an original maturity of up to one year in total external debt declined to 18.5 per cent at end-March 2024 from 20.6 per cent at end-March 2023. The ratio of short-term debt to foreign exchange reserves declined to 19.0 per cent at end-March 2024 from 22.2 per cent at end-March 2023, the Reserve Bank of India said in a statement today.

https://www.business-standard.com/economy/news/short-debt-s-share-in-total-external-debt-down-2-1-percentage-points-rbi-124062501105_1.html

Digital Rupee transactions slump after reaching initial RBI target

Usage of India's digital currency, the e-rupee, has slumped to just a tenth of the peak hit in December, four sources said, reflecting the struggles several countries have experienced in trying to generate public support for digital currencies. The Reserve Bank of India started a pilot for the e-rupee, devised as a digital alternative to physical cash, in December 2022, and successfully reached a target of 1 million retail transactions per day by December 2023.

<https://economictimes.indiatimes.com/news/economy/indicators/digital-rupee-transactions-slump-after-reaching-initial-rbi-target/articleshow/111249784.cms>

Industry pitches for tax reduction, rationalisation of duty structure in Budget

In an effort to boost the economy, representatives of various industries on Tuesday urged Finance Minister Nirmala Sitharaman to reduce the incidence of indirect taxes and rationalise duty structure wherever required. In a pre-budget meeting with Finance Minister Nirmala Sitharaman, FIEO president Ashwani Kumar made a case for an extension of the Interest Equalisation Scheme for the next five years. "We request the scheme which is valid till 30th June, 2024 may be extended for a period of 5 years. Looking into the rise in interest rates consequent to the increase in Repo rate from 4.4 per cent to 6.5 per cent in the last 2 years, the subvention rates may be restored back from 3 per cent to 5 per cent for manufacturers in MSMEs," Kumar said.

<https://economictimes.indiatimes.com/news/economy/policy/industry-pitches-for-tax-reduction-rationalisation-of-duty-structure-in-budget/articleshow/111257069.cms>

Industry

India's FMCG sector to have sustained growth rate of 7-9% in 2024: Report

The FMCG sector is expected to have a sustained growth rate of 7-9 per cent in 2024, supported by government initiatives to stimulate consumption and create job opportunities, a report said. The FMCG sector's resilience and adaptability, coupled with robust government support and digital transformation initiatives, position it favourably to navigate through uncertainties and emerge stronger.

https://www.business-standard.com/industry/news/india-s-fm-cg-sector-to-have-sustained-growth-rate-of-7-9-in-2024-report-124062500725_1.html

Mulling PLI scheme for garments sector: Textiles minister Giriraj Singh

Textiles Minister Giriraj Singh on Tuesday said the government has approved over Rs 10,000 crore production linked incentive (PLI) scheme for textiles and now considering to extend it to the garments sector with a view to boosting domestic manufacturing and exports. Addressing the India International Garment Fair (IIGF) here, Singh said that huge opportunities are there to increase exports and the industry should target \$50 billion worth of shipments in the coming years.

https://www.business-standard.com/industry/news/mulling-pli-scheme-for-garments-sector-textiles-minister-giriraj-singh-124062500689_1.html

Private aerospace, defence companies to post revenue growth of 20% this fiscal, says CRISIL

Private aerospace and defence companies are expected to post a revenue growth of 20 per cent to reach approximately Rs 13,500 crore this fiscal, said a report by CRISIL Ratings. This, it added, will be propelled by higher government spending and concerted efforts to encourage private participation. The operating margin is likely to rise 50-60 basis points on sustained revenue growth, economies of scale and better fixed cost absorption, and should remain stable over the medium term, aided by price escalation clauses in contracts, it said.

<https://www.financialexpress.com/business/industry-private-aerospace-defence-companies-to-post-revenue-growth-of-20-this-fiscal-says-crisil-3534385/>

Demand-supply mismatch hurts AC sales amid heat wave

The ongoing heat wave has led to record air conditioner sales of six million units in the April-June period, reflecting a year-on-year (y-o-y) growth of 50%, according to the Consumer Electronics and Appliances Manufacturers Association (CEAMA). However, there is another side to the story. Companies like Godrej Appliances, Haier and Super Plastronics, which produces Thomson air conditioners and air coolers, said there has been a potential loss in business of about one million units in the June quarter due to a demand-supply mismatch caused by the "unprecedented heatwave".

<https://www.financialexpress.com/business/industry-demand-supply-mismatch-hurts-ac-sales-amid-heat-wave-3533772/>

Certain FMCG sectors may face tampering of growth: Deloitte report

Certain sectors including beauty products, personal care, consumer electronics and consumer durables may face a tempering of growth, according to a report from consulting firm Deloitte. The decline is on account of the high volume of purchases post-pandemic that have created a high base for FY25, according to Deloitte's Future of Retail report. The report also highlighted a significant shift in consumer spending patterns with a rise in value-seeking buyers, which is evident across consumer businesses.

https://www.business-standard.com/industry/news/rise-in-value-seeking-buyers-key-fm-cg-sectors-face-slowed-growth-report-124062501119_1.html

Agriculture

As FCI buffer swells, exporters demand lifting of curbs on rice

Rice exporters have demanded lifting of the ban on the export of white rice and broken rice and sought changes to the duty structure of parboiled rice, as stocks with the Food Corporation of India (FCI) have swelled to three-and-a-half times the buffer requirement. A delegation of rice exporters made the demands during a meeting with central government officials on Tuesday.

<https://economictimes.indiatimes.com/news/economy/agriculture/as-fci-buffer-swells-exporters-demand-lifting-of-curbs-on-rice/articleshow/111267434.cms>

80% of marginal farmers in India affected by adverse climatic events: Report

A staggering 80 per cent of marginal farmers in India have suffered crop losses due to adverse climatic events over the past five years, according to a report released on Tuesday. The survey, conducted by the Forum of Enterprises for Equitable Development (FEED) in collaboration with the Development Intelligence Unit (DIU), included 6,615 farmers across 21 states. The findings reveal that the primary causes of crop damage were drought (41 per cent), irregular rainfall including excessive or non-seasonal rains (32 per cent), and early withdrawal or late arrival of the monsoons (24 per cent). According to the report, nearly 43 per cent of the surveyed farmers lost at least half of their standing crops.

<https://economictimes.indiatimes.com/news/economy/agriculture/80-of-marginal-farmers-in-india-affected-by-adverse-climatic-events-report/articleshow/111264951.cms>

Infrastructure

Govt looks to enable satellite-based toll collection on NHs by FY25

The Ministry of Road Transport and Highways wants to enable satellite-based toll collection on all national highways in the country over the next few years, and will have the Global Navigation Satellite System framework operational on 5,000 kilometres of national highways by December. According to the chairman and managing director of Indian Highways Management Company Ltd, Vishal Chauhan, the Centre wants to build a case study with the 5,000-kilometre pilot by the end of FY25 before it proceeds with the nationwide rollout of the programme.

https://www.business-standard.com/economy/news/govt-looks-to-enable-satellite-based-toll-collection-on-nhs-by-fy25-124062501276_1.html

Residential sales on the decline in IT hubs

After a moderate sales growth in the first quarter of 2024, infotech hubs of Pune, Hyderabad and Bengaluru are seeing decline or even flat growth in residential property sales during the current quarter. While Hyderabad and Pune have seen the highest decline among the top cities at 20% and 15%, respectively, sales remained flat in Bengaluru, according to data by PropEquity. In the January-March quarter, Bengaluru, Hyderabad and Pune saw growth of 6%, 18% and 1%, respectively.

<https://www.financialexpress.com/business/industry-residential-sales-on-the-decline-in-it-hubs-3533812/>

Energy

Indian imports of Russian coal decline, US shipments surge in May

Indian imports of Russian coal have declined while US shipments have risen in the three months ending in May, data from coal consultancy Bigmint showed, which traders attributed to Russian supplies becoming less competitive. Russia's exports of all types of coal to India over the period fell 22.4 per cent from a year earlier to 6.76 million metric tonnes, Bigmint's data showed. US exports rose 14.4 per cent to 6.68 million tonnes in the same period.

https://www.business-standard.com/economy/news/indian-imports-of-russian-coal-decline-us-shipments-surge-in-may-124062500385_1.html

India expects surge in solar cell output, says will curb imports from China

India expects a surge in domestic solar cell-making capacity in the coming months, which will help reduce its dependence on imported materials from China to manufacture solar panels, the country's top renewable energy official said. The nation's cells capacity is set to jump five-fold to about 30 gigawatts a year by March 2025, Renewable Energy Secretary Bhupinder Singh Bhalla said in an interview in New Delhi. This will allow the government

to widen import restrictions aimed at boosting local adoption of solar power hardware and achieving Prime Minister Narendra Modi's goal of increasing self-sufficiency in the sector.

https://www.business-standard.com/economy/news/india-expects-surge-in-solar-cell-output-says-will-curb-imports-from-china-124062500315_1.html

Renewable IPOs see boom as investors eye stellar returns in solar sector

Until yesterday, very few had heard of GP Eco Solutions, a distributor of solar inverters and panels. The Noida-headquartered GP Eco distributes solar panels made by Chinese behemoth Longi Solar and Saatvik Green Energy, and inverters from Sungrow and an in-house brand Invergy. On a turnover of Rs 101 crore, it made a net profit of Rs 3.7 crore, according to its website, where it lists Deepak Pandey and Anju Pandey as directors on the board. This Monday, GP Eco listed at Rs 375, a fourfold jump over the fixed price band of Rs 94. The initial public offering (IPO) was oversubscribed 856 times.

https://www.business-standard.com/markets/ipo/renewable-ipos-see-boom-as-investors-eye-stellar-returns-124062501057_1.html

Telecom

Telcos eye four spectrum bands as auction enters round 4 on Day 1

Telecom operators showed interest in four spectrum bands -- 900 MHz, 1,800 MHz, 2,100 MHz, and 2,500 MHz -- as the auction entered the fourth round around 3pm on Tuesday, sources said. Spectrum auction for over 10,500 Mhz mobile services worth over Rs 96,238 crore started at 10 am, an official statement said.

https://www.business-standard.com/industry/news/telcos-eye-four-spectrum-bands-as-auction-enters-round-4-on-day-1-124062500710_1.html

External

Piyush Goyal to meet exporters Thursday

Commerce and industry minister Piyush Goyal will meet exporters and industry on Thursday to take stock of India's exports and deliberate ways to push outbound shipments from the country. Issues related to container shortage, Red Sea crisis and export targets are likely to be discussed, officials said. "It is a review meeting to on state of exports and export promotion," said an official. India's goods exports in FY24 were \$437.1 billion and imports were \$675.4 billion. The ministry has been developing standard operating procedures to negotiate free trade agreements with other countries and could come up for discussion, said another person aware of the meeting.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/piyush-goyal-to-meet-exporters-thursday/articleshow/111265979.cms>

Commerce Ministry seeks inputs from industry for India-Malaysia CECA review

Saddled with a high trade deficit more than a decade after implementing a free trade agreement with Malaysia, India is set to begin a review process of the pact in a joint commission meeting to be held soon with its trade partner to expand and diversify the trade basket and make it more balanced, sources have said. "The Commerce Department has sought inputs from various industry bodies and export promotion councils on the tariff and non-tariff barriers they face in Malaysia, the regulatory issues that are acting as hindrances and the measures that could help trade facilitation. These would be part of India's agenda in the joint commission meeting for reviewing the India-Malaysia free trade pact. The idea is to increase exports and bridge the trade deficit," a source tracking the matter told businessline.

<https://www.thehindubusinessline.com/economy/commerce-ministry-seeks-inputs-from-industry-for-india-malaysia-ceca-review/article68332567.ece>