



August 07, 2024 – Wednesday

Key Developments

Compute tax either at 12.5% without indexation or 20% with indexation on realty transactions: Govt proposes amendment

In a big relief to real estate industry, Finance Minister Nirmala Sitharaman will move an amendment in the Finance Bill to let taxpayers select either 12.5 per cent LTCG rate without indexation or 20 per cent rate with indexation for property acquired before July 23, 2024. As per the amendments to Finance Bill, 2024, circulated to the Lok Sabha members on Tuesday, individuals or HuF who bought houses before July 23, 2024, can compute his/her taxes under the new scheme [@12.5 per cent without indexation] and old scheme [@20 per cent with indexation] and pay such tax which is lower of the two. The development of Prime Minister Narendra Modi-led government comes after facing backlash from the real estate sector. The stakeholders cautioned the Centre on indexation proposal introduced in Budget 2024 will hurt the growth of the sector.

<https://economictimes.indiatimes.com/news/economy/policy/compute-tax-either-at-12-5-without-indexation-or-20-with-indexation-on-realty-transactions-govt-moves-amendment/articleshow/112325188.cms>

Economy

Retail inflation for industrial workers eases to 3.67% in June: Govt

Retail inflation for industrial workers slipped to 3.67 per cent in June from 3.86 per cent in the previous month this year mainly due to lower prices of certain food items. "Year-on-year inflation for the month of June 2024 moderated to 3.67 per cent as compared to 5.57 per cent in June 2023," a Labour Ministry statement said. The All-India Consumer Price Index for Industrial Workers CPI-IW for June 2024 was at 141.4 points against 139.9 points in May 2024. Food and Beverages Group under the CPI-IW was at 148.7 points in June 2024 against 145.2 points in May this year.

https://www.business-standard.com/economy/news/retail-inflation-for-industrial-workers-eases-to-3-67-in-june-govt-124080600918_1.html

Veg thali price rises 11% in July due to high tomato prices

Vegetable thali's price increased 11 per cent in July compared to June this year due to higher prices of tomatoes on a monthly basis, according to a report. Non-veg thali also turned costlier by 6 per cent in July compared to June 2024, the Crisil Market Intelligence and Analysis' monthly 'Roti Rice Rate' report stated. The cost of veg thali, which comprises roti, vegetables (onions, tomatoes and potatoes), rice, dal, curd and salad was at Rs 32.6 per plate in July 2024 against Rs 29.4 per plate in June 2024, according to the report.

<https://economictimes.indiatimes.com/news/economy/indicators/veg-thali-price-rises-11-in-july-due-to-high-tomato-prices/articleshow/112322361.cms>

Work demand falls sharply under MGNREGS in July

Work demand under the government's flagship rural job guarantee programme fell sharply in July, possibly reflecting strong economic activity as well as plentiful monsoon showers that typically causes migration of unskilled workers to agriculture. Work demand under the Mahatma Gandhi National Rural Employment Guarantee Scheme

(MGNREGS) usually drops when better-paying employment opportunities are available with strong economic growth. About 22.80 million individuals demanded work in July under the scheme, down 21.6% from a year earlier, showed the preliminary data compiled by the rural development ministry. With this, the work demand contracted for a ninth straight month through July, showed the data.

<https://economictimes.indiatimes.com/news/economy/indicators/work-demand-falls-sharply-under-mgnregs-in-july/articleshow/112327390.cms>

India stands out on growth and external fronts amongst South Asian economies: S&P Ratings

S&P Global Ratings on Tuesday said India stands out both on growth and external fronts amongst the South Asian countries, and the trajectory of government's fiscal deficit will decide on the direction of sovereign ratings. S&P Director, Sovereign and International Public Finance Ratings (Asia-Pacific), Andrew Wood said the rating agency sees a lot of promise in India's economic growth story even though the global economic growth outlook remains somewhat challenging.

<https://economictimes.indiatimes.com/news/economy/indicators/india-stands-out-on-growth-and-external-fronts-amongst-south-asian-economies-sp-ratings/articleshow/112320575.cms>

Finance

No need to keep minimum balance in Jan Dhan, basic savings accounts: FM

Finance Minister Nirmala Sitharaman on Tuesday said there is no need to maintain minimum balance in Jan Dhan as well as basic savings accounts, and banks impose penalties only in cases where customers fail to maintain a requisite amount in their accounts. The minister was replying to a question in Rajya Sabha during Question Hour regarding public sector banks collecting about Rs 8,500 crore in penalty from customers for non-maintenance of minimum balance in accounts in five years.

https://www.business-standard.com/finance/news/no-need-to-keep-minimum-balance-in-jan-dhan-basic-savings-accounts-fm-124080601234_1.html

Credit transactions on UPI reaching Rs 10K cr every month: NPCI chief

Credit transactions on India's flagship payments platform Unified Payments Interface (UPI) are reaching Rs 10,000 crore each month, of which approximately Rs 100-200 crore is from the "credit line on UPI" facility, while the remainder comes from the RuPay credit card on UPI facility, according to Dilip Asbe, managing director and chief executive officer (MD&CEO) of the National Payments Corporation of India (NPCI). Credit transactions on India's flagship payments platform Unified Payments Interface (UPI) are reaching Rs 10,000 crore each month, of which approximately Rs 100-200 crore is from the "credit line on UPI" facility, while the remainder comes from the RuPay credit card on UPI facility, according to Dilip Asbe, managing director and chief executive officer (MD&CEO) of the National Payments Corporation of India (NPCI).

https://www.business-standard.com/finance/news/credit-on-upi-records-rs-10k-transaction-value-every-month-npci-chief-124080601388_1.html

PSBs to integrate data and analytics into HR processes

State-run lenders will work on data-driven manpower planning, succession planning and productivity improvement as part of the government-approved reform agenda for fiscal 2025, people familiar with the development said. They will integrate data and analytics into human resource processes, including transfers and postings, with appropriate interventions and escalations, they said.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/psbs-to-integrate-data-and-analytics-into-hr-processes/articleshow/112327475.cms>

Industry

Despite PLI push, electronics imports top \$20 bn for fifth quarter

April-June 2024-25 (FY25) was the fifth quarter when India's import of electronic goods topped \$20 billion.

Electronic components and computer hardware accounted for more than half the electronic goods import in the June quarter as against 46 per cent before the pandemic. Most of the components are used by the mobile phone

industry and despite increase in their domestic manufacturing the country is still dependent on high-value imports. This calls for a production-linked incentive (PLI) scheme for components too, according to experts.

https://www.business-standard.com/economy/news/india-s-electronics-imports-continue-to-top-20-billion-despite-pli-scheme-124080601412_1.html

GenAI adoption to add extra \$675 bn to India's economy by 2038: Accenture

Adopting a people-centric approach to generative artificial intelligence (GenAI) could potentially add an additional \$675 billion to India's economy by 2038, according to a study released by Accenture on Tuesday. The research also revealed that because of the deployment of GenAI, around 31 per cent of working hours in India will be automated, contributing to a 0.6 percentage point increase in the annual gross domestic product (GDP) growth of the country.

https://www.business-standard.com/economy/news/genai-adoption-to-add-extra-675-bn-to-india-s-economy-by-2038-accenture-124080601274_1.html

FMCG industry betting on volume-led growth recovery in FY25

FMCG companies are betting big on a volume-led growth revival in the coming months and said they have begun witnessing green shoots visible in terms of revival of rural consumption. This comes on the back of moderate inflationary pressures and expectations of better monsoons among other factors.

<https://www.thehindubusinessline.com/companies/fmcg-industry-betting-on-volume-led-growth-recovery-in-fy25/article68493469.ece>

Bangladesh crisis: FMCG majors swing into action

India-based CEOs of consumer goods companies who also oversee Bangladesh operations said they are stalling field operations and keeping offices shut in the neighbouring country to ensure safety of employees and are closely monitoring the geopolitical crisis there. Coca-Cola, Hindustan Unilever, Nestle, PepsiCo, Marico and Dabur are among the companies taking immediate steps including sending out advisories to employees to stay indoors and not report to work at office a day after violent protests forced prime minister Sheikh Hasina to resign and flee to India, executives said.

<https://economictimes.indiatimes.com/industry/cons-products/fmcg/bangladesh-crisis-fmcg-majors-swing-into-action/articleshow/112327611.cms>

India's lifestyle market to reach \$210 bn by 2028 with 18%–22% online penetration: Report

India's burgeoning lifestyle market is set to witness significant growth, reaching \$210 billion by 2028, largely led by the organized segment, according to a report by Bain & Company and Myntra. The lifestyle market, currently valued at \$130 billion, is set to grow at a compound annual growth rate (CAGR) of 10 per cent–12 per cent, according to the report titled 'E-Styling India: Decoding India's Online Fashion and Lifestyle Shopping Trends'. The report highlights that fashion constitutes approximately 80 per cent of the current market, with beauty and personal care (BPC) making up the remaining.

<https://www.thehindubusinessline.com/economy/indias-lifestyle-market-to-reach-210-bn-by-2028-with-1822-online-penetration-report/article68493129.ece>

Agriculture

Farmers pay Rs 32,440 crore premium under PMFBY; claims worth over Rs 1.64 lakh crore cleared

Insurance claims of 1.64 lakh crore have been paid to farmers against Rs 32,440 crore premium paid under the Pradhan Mantri Fasal Bima Yojana, Agriculture Minister Shivraj Singh Chouhan said on Tuesday in the Lok Sabha. Replying to a question on the scheme during the Question Hour, he said the Modi government has made it farmer-friendly by removing inconsistencies in the previous scheme. Under the scheme, comprehensive risk coverage for crops against all non-preventable natural risks -- from pre-sowing to post-harvest stages of crops -- at a very reasonable premium for the farmers is being provided.

<https://economictimes.indiatimes.com/news/economy/agriculture/farmers-pay-rs-32440-crore-premium-under-pmfby-claims-worth-over-rs-1-64-lakh-crore-cleared/articleshow/112311959.cms>

Infrastructure

NHAI saves around Rs 1,000 crore of interest through debt payment plan

State-owned NHAI on Tuesday said it saved around Rs 1,000 crore of interest payment through its debt payment plan. NHAI in a statement said as per the government directions, InvIT monetization proceeds are to be exclusively used for NHAI debt repayment. "NHAI achieved a significant financial milestone with the successful pre-payment of bank loan amounting to Rs 15,700 crore," it said.

<https://economictimes.indiatimes.com/news/economy/infrastructure/nhai-saves-around-rs-1000-crore-of-interest-through-debt-payment-plan/articleshow/112324267.cms>

Relief for homeowners: Govt allows flexibility in LTCG tax calculation

The government on Tuesday sought to address a significant concern stemming from the 2024-25 Budget announcement by introducing flexibility in the computation of long-term capital gains (LTCG) tax on unlisted assets, including properties. For any assets, such as land or buildings, sold before July 23, taxpayers can choose between the new and old regimes, opting for whichever results in a lower tax liability. Under the new LTCG regime, the tax rate is set at 12.5 per cent without the benefit of indexation. Conversely, the old regime imposes a 20 per cent tax but allows for indexation benefits. This flexibility effectively serves as a grandfathering provision for all property transactions completed before the Budget's presentation in Parliament on July 23.

https://www.business-standard.com/economy/news/govt-provides-relief-to-home-owners-with-flexible-ltcc-tax-computation-124080601639_1.html

GST notices to foreign airlines could hurt India's aviation potential: IATA

Global trade body for airlines on Tuesday decried the show-cause notices issued to 10 foreign airlines in India over alleged non-payment of GST, claiming that it could dampen the country's strong aviation potential. The International Air Transport Association (IATA) was referring to notices issued by Directorate General of GST Intelligence (DGGI) to 10 foreign airlines regarding alleged non-payment of tax of about Rs 10,000 crore.

https://www.business-standard.com/industry/news/gst-notices-to-foreign-airlines-could-hurt-india-s-aviation-potential-iata-124080601651_1.html

No proposal for PLI scheme for manufacturing of shipping containers: Govt

The government on Tuesday said that at present, there is no proposal for a Production Linked Incentive (PLI) scheme for the manufacturing of shipping containers in the country. Minister of State for Commerce and Industry Jitin Prasada said in a written reply to the Lok Sabha that the government has taken various measures to increase the availability of containers both, for exports as well as for domestic shipments.

https://www.business-standard.com/industry/news/no-proposal-for-pli-scheme-for-manufacturing-of-shipping-containers-govt-124080600914_1.html

DDA to offer 40,000 flats across three housing schemes

The Delhi Development Authority (DDA) will offer about 40,000 flats across three housing schemes, which will include flats of affordable, mid income and high income group. "To meet the affordable housing requirements of low-income group, this scheme offers LIG and EWS flats at discounted rates in Ramgarh Colony, Siraspur, Loknayakpuram, Rohini, and Narela through first come first serve (FCFS) mode, making housing more accessible and enabling a common man to own a house in Delhi," the authority said in a statement.

<https://economictimes.indiatimes.com/industry/services/property/-/construction/dda-to-offer-40000-flats-across-three-housing-schemes/articleshow/112323849.cms>

Energy

Renewable energy top priority, Rs 30 lakh cr investment expected to meet 500 GW target: Govt

An investment of up to Rs 30 lakh crore is expected to meet the country's target of having 500 GW renewable energy capacity by 2030, Union minister Pralhad Joshi said in Rajya Sabha on Tuesday. Renewable energy is among the top priorities of the Prime Minister Narendra Modi-led government, he said, adding that it is evident from the fact that the outlay has been doubled in the budget this year to over Rs 20,000 crore. "India has witnessed a significant shift

in the investment Dynamics of Renewable energy projects. Around 7 lakh crore in the last 10 years has already been invested," said the minister for new and renewable energy, while replying to a discussion on his ministry's work.

<https://economictimes.indiatimes.com/industry/renewables/renewable-energy-top-priority-rs-30-lakh-cr-investment-expected-to-meet-500-gw-target-govt/articleshow/112324776.cms>

India shelves plan to form consortium for coking coal import: Report

India has abandoned a plan to form a consortium of state-run companies for joint negotiations to import coking coal, a key raw material for steel, due to differences among mills over the grades they need, said two sources directly aware of the matter. India, the world's second-biggest crude steel producer, imports about 85 per cent of its annual coking coal consumption of around 70 million metric tons. "We want steel companies to come together with their might but a system where a common buyer operates will be difficult because of their varying requirements," one of the sources said, declining to be identified as discussions are not public.

https://www.business-standard.com/industry/news/india-shelves-plan-to-form-consortium-for-coking-coal-import-report-124080600796_1.html

Telecom

Trai asks service providers, telemarketers to effectively curb pesky calls

Amid consumer complaints about pesky calls, Trai on Tuesday held a meeting and conveyed a strong message to service providers and their telemarketers to take effective measures to curb bulk communications using voice calls. As part of the crackdown, the regulator has sought proactive action from all the stakeholders specially access service providers (telcos) and their delivery telemarketers. The immediate action sought includes implementing technical solutions for traceability and preventing bulk calling by enterprise customers using 10-digit numbers.

https://www.business-standard.com/industry/news/trai-asks-service-providers-telemarketers-to-effectively-curb-pesky-calls-124080601479_1.html

5G phones capture 79% of market in Q2 as shipments surge by half

Shipments of 5G smartphones in India grew 56% year-on-year in the second quarter (Q2) of 2024, taking the share of the next-generation technology enabled handsets to 79% in the market, according to a report released by CyberMedia Research (CMR) on Tuesday. Vivo led the 5G smartphone segment with a 21% share, followed by Samsung (20%) during the June quarter, per the research firm. In Q2, 5G smartphones in the price band of ₹10,000 to ₹13,000 saw an over 200% YoY surge.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/5g-phones-capture-79-of-market-in-q2-as-shipments-surge-by-half/articleshow/112327291.cms>

External

Commerce ministry developing e-platform to connect exporters, MSMEs, govt

The government on Tuesday said it is developing a trade connect e-platform to connect exporters, MSMEs and entrepreneurs with various stakeholders including Indian missions abroad, export promotion councils, and other partner government agencies. Minister of State for Commerce and Industry Jitin Prasada said in a written reply to the Lok Sabha that the platform will provide information on trade events taking place in different parts of the world, benefits available due to India's free trade agreements (FTAs) and other international trade-related information and data.

https://www.business-standard.com/economy/news/commerce-ministry-developing-e-platform-to-connect-exporters-msmes-govt-124080600896_1.html

India needs capacity to deal with non-trade issues in FTA talks: Barthwal

India needs to develop capacity to deal with non-trade issues during free trade agreement (FTA) negotiations, Commerce Secretary Sunil Barthwal has said. He said that non-trade issues have increasingly been emerging in trade negotiations. "The secretary observed that non-trade issues have increasingly been emerging in trade negotiations, raising the need for cross-disciplinary capacity building in FTA negotiations for India and other developing countries," the commerce ministry said.

https://www.business-standard.com/economy/news/india-needs-capacity-to-deal-with-non-trade-issues-in-fta-talks-barthwal-124080601281_1.html

India exports \$122.7 mn non-basmati white rice during Apr-May

India has exported non-basmati white rice worth USD 122.7 million during April-May this fiscal and the government is closely monitoring its production, availability and export scenario to assess suitable policy intervention, Parliament was informed on Tuesday.

<https://economictimes.indiatimes.com/news/economy/agriculture/india-exports-122-7-mn-non-basmati-white-rice-during-apr-may/articleshow/112318117.cms>

Bangladesh crisis: Exports of 2-wheelers, trucks, buses to take a big hit

Indian exports of two-wheelers, trucks, and buses to Bangladesh are likely to be severely hit this month with the South Asian nation grappling with a deadly civil unrest. Bajaj Auto, India's largest exporter of two- and three-wheelers, ships around 3.6% of its monthly exports to Bangladesh. At Hero MotoCorp, Bangladesh contributes 20-30% of its sales outside India.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/bangladesh-crisis-exports-of-2-wheelers-trucks-buses-to-take-a-big-hit/articleshow/112327753.cms>