



August 22, 2024 – Thursday

Economy

Inter-ministerial group to draw up MSME scheme

The government has set up an inter-ministerial group to firm up the contours of the credit guarantee scheme for micro, small and medium enterprises (MSMEs) announced in the budget, officials said. The MSME ministry will move the scheme for the expenditure finance committee's approval after consultations with stakeholders, a senior government official told ET. "The consultations are happening at a good pace and in the next four weeks, the scheme draft should be prepared," said the official, adding that post-consultation, the draft will be sent for expenditure finance committee's approval in the next two months.

<https://economictimes.indiatimes.com/news/economy/policy/inter-ministerial-group-to-draw-up-msme-scheme/articleshow/112691141.cms>

Semiconductor Mission-2 may focus on compound fabrications, silicon photonics

The government will likely keep the financial incentives for semiconductor chip packaging units at a bare minimum under the second phase of the India Semiconductor Mission (ISM), people in the know told ET. Much of the funds and incentives being planned under the second phase of India's ambitious programme to set up a semiconductor ecosystem from scratch will be dedicated to getting more compound semiconductor fabrication and silicon photonics companies to the country, they said.

<https://economictimes.indiatimes.com/news/economy/policy/semiconductor-mission-2-may-focus-on-compound-fabrications-silicon-photonics/articleshow/112690904.cms>

Employment growth in corporate sector declined to 1.5% in FY24: BoB report

The growth in employment in the corporate sector slowed to 1.5 per cent in FY24 from 5.7 per cent in FY23, as merely 90,840 new people gained employment, compared to 333,000 people gaining employment in FY23, a report released by Bank of Baroda on Wednesday showed. "The employment growth scene in India Inc was quite lacklustre when looked at the aggregate level. Higher growth in FY23, due to the base effect, can only partly explain this low growth," the report noted.

https://www.business-standard.com/economy/news/employment-growth-in-corporate-sector-declined-to-1-5-in-fy24-bob-report-124082100802_1.html

June sees rise in female workforce participation amid 1.92 mn new EPFO jobs

In June 2024, net formal job creation under the Employees' Provident Fund Organisation (EPFO) reached 1.92 million, driven by increased employment opportunities, greater awareness of employee benefits, and successful outreach efforts by the EPFO, according to the Ministry of Labour and Employment. The ministry's payroll data release highlighted a year-on-year rise of 7.86 per cent in net new subscriber additions, with 1.78 million net new subscribers added in June 2023. The data also indicates a notable increase in female membership, reflecting a growing trend toward gender inclusivity and diversity in the workforce.

https://www.business-standard.com/economy/news/june-2024-sees-1-92-million-net-new-epfo-jobs-youth-dominate-new-additions-124082100644_1.html

India's manufacturing is all set to expand with robust foundations of reforms: Nuvama report

India's manufacturing sector, contributing 17 per cent to the nation's GDP, has positioned the country as the sixth-largest manufacturing economy globally. However, with just 3.1 per cent of the world GDP, there is significant potential for expansion says a report by Nuvama, a wealth and investment company. The stage is set for a new era of growth fuelled by recent reforms and strategic initiatives of the government.

<https://economictimes.indiatimes.com/news/economy/indicators/indias-manufacturing-is-all-set-to-expand-with-robust-foundations-of-reforms-nuvama-report/articleshow/112680927.cms>

Finance

Transmission of policy rate has been greater on deposits, shows RBI data

The transmission of the policy rate has had a greater effect on term deposits than on credit in the current interest rate tightening cycle. According to Reserve Bank of India (RBI) data, following a 250-basis point (bp) increase in the policy rate by the monetary policy committee (MPC) since May 2022, the weighted average domestic term deposit rates (WADTDRs) for new and existing deposits increased by 243 bps and 188 bps, respectively.

https://www.business-standard.com/finance/news/transmission-of-policy-rate-has-been-greater-on-deposits-shows-rbi-data-124082101072_1.html

Funding constraints to hinder NBFCs' growth after two strong years: ICRA

Non-Banking Financial Companies (NBFCs) are expected to face challenges related to funding availability, which could slow their growth compared to the strong expansion seen in the past two financial years, according to a report by ICRA. The growth of NBFCs' assets under management (AUM) is expected to moderate to 13 per cent -15 per cent in the current financial year, down from 18 per cent in the previous financial year, the report said.

https://www.business-standard.com/industry/banking/funding-constraints-to-hinder-nbfc-growth-after-two-strong-years-icra-124082100830_1.html

IBA to take up overseas banks' local data storage issue with RBI

Indian Banks' Association (IBA), a representative body of Indian banks and financial institutions, will discuss the matter of mandatory local data storage with the Reserve Bank of India on behalf of foreign banks. This was decided at a recent meeting attended by IBA officials and foreign banks. "The IBA would inform the regulator that foreign banks are progressively storing payment data locally. It will also be communicated that importing past data may not be possible," the source added.

https://www.business-standard.com/finance/news/iba-to-take-up-overseas-banks-local-data-storage-issue-with-rbi-124082101161_1.html

Amid slow deposit growth, banks urge govt to keep cash balances with them

At a time when deposit growth remains sluggish, trailing credit offtake, public sector banks have made a strong appeal to the finance ministry urging that government cash balances be held by them, rather than the Reserve Bank of India (RBI). This move, they argue, would bolster the share of low-cost current account and savings account (Casa) deposits which has been dwindling. In 2021, the government implemented a new framework under the SNA-SPARSH platform, aimed at improving the flow and monitoring of funds under centrally sponsored schemes (CSS).

https://www.business-standard.com/finance/news/amid-slow-deposit-growth-banks-urge-govt-to-keep-cash-balances-with-them-124082101077_1.html

Income tax dept processed about 40 mn ITRs for AY 2024-25 in 15 days

Revenue Secretary Sanjay Malhotra on Wednesday said the income tax department has processed close to 4 crore ITRs for AY 2024-25 in 15 days. Over 7.28 crore income tax returns for Assessment Year 2024-25 were filed till July 31, 2024. About 4.98 crore ITRs (income tax returns) have already been processed by the tax department, and intimations sent to taxpayers. Of this, 3.92 crore ITRs were processed in less than 15 days. "We have made strides in digitisation...About 4 crore returns were processed within 15 days..," Malhotra said at the 165th Income Tax Day celebration.

https://www.business-standard.com/pti-stories/national/i-t-dept-processed-about-4-cr-itrs-in-15-days-124082100933_1.html

Industry

Govt to mandate recycled content in non ferrous metals for sustainability

In a push to boost sustainability in manufacturing, the Centre has mandated that new products made from non-ferrous metals, aluminium, copper, and zinc, must contain a minimum of 5 per cent recycled content starting from the financial year 2027-28 (FY28). This requirement will progressively increase, reaching 10 per cent in FY29 and ultimately setting targets of 10 per cent for aluminium, 20 per cent for copper, and 25 per cent for zinc by FY31. This initiative aims to reduce the country's dependence on primary resources and mitigate the environmental impacts of mining.

https://www.business-standard.com/economy/news/govt-to-mandate-recycled-content-in-non-ferrous-metals-for-sustainability-124082100820_1.html

India only country to deliver double-digit sales growth of FMCG: Report

India is the only country in the Asia-Pacific region, where sales of FMCG and tech durable sectors from modern trade channels are consistently delivering double-digit growth, helped by premiumisation and festive period sales, data analytics firm NielsenIQ said in a report. India has a dominant position in the Asia Pacific region in modern trade sales, where the premium-plus pricing segment accounts for nearly 40 per cent of FMCG sales and 30 per cent of tech durables sales, according to the findings of the report.

https://www.business-standard.com/industry/news/india-only-country-to-deliver-double-digit-sales-growth-of-fmcg-report-124082100811_1.html

'Smells of predatory pricing': Piyush Goyal red-flags e-commerce boom

Giant e-commerce firms' "predatory pricing" and the sector's rapid growth are a matter of "concern", and not pride, as it may lead to employment loss in traditional retail, Commerce and Industry Minister Piyush Goyal said here on Wednesday. Goyal accepted e-commerce is crucial but emphasised there is a need to "think cautiously" about what role it can play in a "more organised" way, considering the sector's benefits and drawbacks.

https://www.business-standard.com/industry/news/goyal-raises-concerns-about-predatory-pricing-by-e-commerce-companies-124082100367_1.html

India's data centers to add 500 MW capacity in 4 years: Avendus Capital

Rising AI demand and use cases are propelling India's data centre capacity growth to 500 MW over the next four years, said a report by investment bank Avendus Capital. The report, *Powering Digital India* Volume II, stated that the sector doubled from 540 MW in 2019 to 1,011 MW in 2023, making India one of the fastest-growing data centre markets globally.

https://www.business-standard.com/industry/news/india-s-data-centers-to-add-500-mw-capacity-in-4-years-avendus-capital-124082101123_1.html

Agriculture

India's urea industry to report drop in import dependency to 10-15% from this fiscal

The import dependency in India's urea industry is expected to reduce to 10-15 per cent in the near to medium term from its peak of approximately 30 per cent seen in fiscal 2021, stated a report by CRISIL Ratings. This, it added, will be driven mainly by commencement and stabilisation of new capacities. India's urea industry contributes to around 55 per cent of chemical fertiliser demand. These new plants, per CRISIL, will see steady regulated returns as utilisation improves.

<https://www.financialexpress.com/business/industry-indias-urea-industry-to-report-drop-in-import-dependency-to-10-15-from-this-fiscal-3588481/>

Indian flour mills urge govt to release wheat stocks as prices surge

Indian wheat prices rose to their highest level in nearly nine months on Wednesday and could surge further during the festival season unless the government starts releasing stocks from its warehouses, industry figures told Reuters.

"Wheat supplies are falling by the day and the overall supply situation looks worse than last year, and that's why the government should immediately start offering wheat from its own stocks," said a large flour mill owner from the wheat-consuming states of southern India.

<https://economictimes.indiatimes.com/news/economy/agriculture/indian-flour-mills-urge-govt-to-release-wheat-stocks-as-prices-surge/articleshow/112683267.cms>

Infrastructure

Developers struggle to find quality contractors amid housing boom

Real estate developers are finding it tough to get the right contractor for construction to ensure quality and timely delivery as the number of launches has doubled to approximately 1.25 lakh housing units across top seven cities every quarter from 60,000 before the Covid-19 pandemic. Many developers are boosting in-house capabilities while some are getting global contractors to ensure there is no delay in project delivery, industry insiders told ET. Some are also engaging construction tech companies.

<https://economictimes.indiatimes.com/industry/services/property/-/construction/developers-struggle-to-find-quality-contractors-amid-housing-boom/articleshow/112689214.cms>

Telecom

TRAI to provide clarity on licensing regime for OTTs by Aug-end: Officials

The Telecom Regulatory Authority of India (Trai) is set to provide its recommendations on whether communication over-the-top (OTT) services such as WhatsApp, Facebook Messenger, and Telegram should be brought under an authorisation or licensing regime similar to telecom operators like Reliance Jio, and Bharti Airtel, the Department of Telecommunications (DoT) officials said. Tech and startup industry bodies have been at loggerheads with telecom operators on efforts to bring OTTs under a licensing regime, which will open them up to taxation.

https://www.business-standard.com/industry/news/trai-to-provide-clarity-on-licensing-regime-for-otts-by-aug-end-officials-124082101188_1.html

External

FDI inflows surge 26.4% to \$22.4 billion in April-June

Foreign direct inflows to India increased by 26.4%, reaching \$22.4 billion during April-June, marking the fastest expansion in nearly five quarters, amidst indications of a global rise in cross-border investment. Gross inflows had risen by approximately 23% in the previous quarter, despite a decline in foreign direct investment (FDI) over the last two financial years, which the government attributed to weak sentiments in developed markets. The latest data from the Reserve Bank of India's Bulletin revealed a 37.6% rise in inflows in June, which was slower than the 49% growth seen in May.

<https://economictimes.indiatimes.com/news/economy/finance/fdi-inflows-surge-26-4-to-22-4-billion-in-april-june/articleshow/112674983.cms>

Gem, jewellery exports decreases 21.9% to \$1,665.4 mn in July: GJEPC

The overall gem and jewellery exports witnessed a 21.93 per cent year-on-year decline in July to \$ 1,665.4 million (Rs 13,922.03 crore) on account of dampening of consumer demand following global unrest, Gem and Jewellery Export Promotion Council (GJEPC) has said. According to data released by GJEPC -- the apex body for the gems and jewellery industry in India -- the overall exports in the category in July 2023 stood at Rs \$ 2,170.71 million.

https://www.business-standard.com/industry/news/gem-jewellery-exports-decreases-21-9-to-1-665-4-mn-in-july-giepc-124082100864_1.html