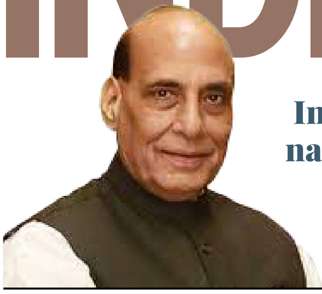
MONTHLY BIZ E-NEWSLETTER

INDIA FOCUS

ISSUE: 337

MAY 2024



India has become a strong nation of the world, and its prestige has soared

RAJNATH SINGH,
Defence Minister

... 21 of our ships are actually protecting international shipping

S JAISHANKAR,
EAM

INSIDE

JPMorgan CEO Dimon praises PM Modi for achievements

Jamie Dimon, Chairman and CEO of JPMorgan Chase, praised Prime Minister Narendra Modi and expressed his admiration for his achievements in India.

Speaking at a luncheon organised by the Economic Club of New York in April, Dimon spoke on current trends in global finance and shared his insights into evaluating and managing economic and geopolitical risks.

A video posted by Union Minister Piyush Goyal on social media platform X showed Dimon making the comments on India. "Modi has done an unbelievable job in India." He pointed to the PM's efforts in poverty alleviation, infrastructure development and bureaucratic reforms.

Dimon praised India's progress in financial inclusion, mentioning that the government has opened bank accounts for around 700 million people, ensuring financial access to a significant portion of the population. He also commended the country's education system and infrastructure development, describing them as "unbelievable."

He also praised India's streamlined tax system for curbing corruption and lifting millions out of poverty. The US needs more "tough" leaders like Modi, he said.

His views come as various global and domestic agencies continue to bet big on India's growth story. Recently

"It's as if we're preaching about climate, labour, and how we believe their country should be run. He has 400 million people without toilets, yet we're telling him how to do things"

JAMIE DIMON,
Chairman and CEO of JPMorgan Chase

the World Bank lifted India's economic growth forecast for FY 2025 to 6.6%, while NCAER said the country's economy could grow more than 7%. The recent GST mop-up is evident in good economic momentum.

The goods and services tax (GST) collections in gross terms hit a record high in April 2024 at Rs 2.1 trillion. This represents a 12.4% year-on-year growth, driven by a strong increase in domestic transactions (up 13.4%) and imports (up 8.3%). Gross collections in the first month of FY25 was also 17.81% higher versus the mop-up in March of Rs 1.78 trillion.

Union Finance Minister Nirmala Sitharaman said the GST collection crossed the Rs 2 trillion benchmark "thanks to the strong momentum in the economy and efficient tax collections". She also said that there are no pending dues to states on account of settlement of Integrated GST — the tax levied on all inter-state supplies of goods and services.

A report by Indian Express quoting Shravan Shetty, Managing Director, Primus Partners stated, said the collection should pick up in the festive season after the rainy season. "Key factors to consider for the coming months would be the current heat wave and the impact of it on manufacturing and services output. Also, the coming monsoon will impact the agricultural and rural economy which will determine GDP growth and GST collections in the second half of the year," he said.

GROWTH FORECAST

"High-frequency indicators, coupled with a more benign global outlook projected by the IMF and WTO bode well for the Indian economy during the current year"

POONAM GUPTA,
NCAER Director General

India's growth story

April also saw the World Bank upgrading its FY25 economic growth forecast for the Indian economy by 20 basis points to 6.6%, primarily because of "upward revisions to investment growth". In its latest bi-annual South Asia Development Update, the multilateral lender pegged India's FY24 growth rate at 7.5%, a tad lower than 7.6% estimated by the National Statistical Office.

The World Bank said that growth in services and industry is expected to remain robust in India, with the latter aided by strong construction and real estate activity while inflationary pressure is expected to subside, thus creating more policy space for easing financial conditions.

"Over the medium term, the fiscal deficit and government debt are projected to decline, supported by robust output growth and consolidation efforts by the central government," the update notes.

The Indian economy could grow more than 7% during the current fiscal amid a benign global outlook and expected above-normal monsoon, economic think tank NCAER has said. In its April 2024 issue of Monthly Economic Review (MER), NCAER said a range of high-frequency indicators reveal the resilience of the domestic economy with the Purchasing Managers' Index (PMI) for manufacturing at a 16-year high and UPI, the leading digital payments system, touching the highest volume since its inception in 2016.

"Projected acceleration in both global growth and trade volumes, as well as a forecast of an above-normal monsoon, indicate that the Indian economy can again attain growth rates higher than 7% during the current fiscal year," said NCAER Director General Poonam Gupta. "These high-frequency indicators, coupled with a more benign global outlook projected by the IMF and WTO bode well for the Indian economy during the current year." ■

Written using agency reports

ECONOMY WATCH

Govt spending sparks India's economy despite crises: Icra

Written using agency reports

Indian government's spending on infrastructure, apart from promising macroeconomic conditions and relatively stable commodity prices, for the country's robust economic growth amid a sea of challenges, according to rating agency ICRA Ltd.

The agency forecasted India's GDP growth at 7.6% for FY24, and at 6.5% for the just-begun FY25.

India's economy soared ahead in the December quarter (the third quarter of FY24) with a surprise growth of 8.4%, belying fears of tempering as the manufacturing, electricity and construction sectors put up a robust show.

Following this, the statistics ministry raised India's GDP growth estimate for FY24 to 7.6% in its second revised estimate, up from 7.3% in its first advance forecast.

The Reserve Bank of India's GDP growth estimate for FY24 is 7%, while the International Monetary Fund's forecast is 6.7%.

Meanwhile, the average Consumer Price Index-based retail inflation is estimated to moderate to 4.6% in FY25, against 5.3% in FY24, though wholesale inflation may move back to a low 2-4% in FY25, up from -0.7% in FY24, Icra said.

In the fiscal year ended 31 March (FY24), Icra upgraded two entities for every entity it downgraded, continuing an upgrade momentum that had been set in motion in FY22.

MACRO UPTICK

Manufacturing PMI rises to 16-year high in March

Written using agency reports

India's manufacturing sector ended 2023-24 on a "stellar" note, with the headline Purchasing Managers Index (PMI) soaring to a 16-year high of 59.1 in March, up from 56.9 in February, according to a survey released by HSBC.

A PMI above 50 represents expansion in the manufacturing sector, while a reading under 50 represents contraction.

The survey stated that the manufacturing sector gained momentum in March, with the strongest increases in output and new orders since October 2020. This was accompanied by the second-sharpest upturn in input inventories in the survey's history in connection with India. "Employment returned to positive territory and firms scaled up buying levels. There was a mild pick-up in cost pressures during March, but customer retention remained a priority for goods producers who raised their charges to the lowest extent in over a year," the survey stated.

At 59.1, the March manufacturing PMI is slightly lower than the flash estimate for the month at 59.2, released on March 21. The March figure marks the manufacturing output rising for 33 months in a row and to the sharpest since October 2020.

The growth of new orders, the survey noted, accelerated at the fastest pace in nearly three-and-a-half years in March, amid reports of buoyant demand conditions. New work inflows strengthened from both domestic and export markets, with new export orders increasing at the fastest pace since May 2022. Sales to Africa, Asia, Europe and the US picked up sharply.

"India's March manufacturing PMI rose to its highest level since 2008 as manufacturing companies expanded hiring in response to strong production and new orders. On the back of strong demand and a slight tightening in capacity, input cost inflation picked up in March," said Ines Lam, economist, HSBC.

> **"Employment returned to positive territory and firms scaled up buying levels. There was a mild pick-up in cost pressures during March, but customer retention remained a priority for goods producers who raised their charges to the lowest extent in over a year"**
>
> HSBC INDIA MANUFACTURING PMI

The survey also noted that growth quickened across the consumer, intermediate and investment goods sectors. The steepest expansion in production was seen at investment goods makers.

After leaving payroll numbers broadly unchanged in the previous two months, the survey noted, manufacturers in India hired additional workers in March. The pace of job creation was mild but still marked the best performance since September 2023. Anecdotes highlighted the recruitment of mid-level and full-time employees.

TRADE & ARMS

India's defence exports up by 32% to Rs 210 bn

Written using agency reports

India's defence exports rose by 32% and crossed Rs 210 billion (around $2.63 billion) for the first time, Defence Minister Rajnath Singh announced on April 1.

INDIAFOCUS
ISSUE: 337
MAY 2024
HIGH COMMISSION OF INDIA, SINGAPORE

The recent figures indicated that the defence exports have grown by 31 times in the past 10 years as compared to 2013-14, the ministry said.

"Delighted to inform everyone that the Indian defence exports have scaled to unprecedented heights and crossed Rs 21,000 crore (Rs 210 billion) mark for the first time in the history of Independent India!," the minister said on X. "India's defence exports have reached to the level of Rs 21,083 (Rs 210.8 billion) crore in the financial year 2023-24 which is a spectacular growth of 32.5% over the previous fiscal."

Stating that under Prime Minister Narendra Modi's leadership, the Defence Ministry had taken several initiatives to spur India's defence manufacturing and exports, Singh said, "Our defence industries including the Private Sector and Defence Public Sector Undertakings (DPSU) have registered a commendable performance in the recent years. Congratulations to all stakeholders on crossing the new milestone in defence exports."

The private sector and the DPSUs had contributed about 60% and 40%, respectively, the ministry said in a statement. In addition, there was a rise in the number of export authorisations issued to the defence exporters during FY 2023-24, the statement said; this increased from 1,414 in FY 2022-23 to 1,507 in FY 2023-24.

"A comparative data of two decades i.e. the period from 2004-05 to 2013-14 and 2014-15 to 2023-24 reveals that there has been a growth of 21 times in the defence exports. Total defence exports during 2004-05 to 2013-14 were Rs 4,312 crore (Rs 13 billion), which has gone up to Rs 88,319 crore (883 billion) in the period from 2014-15 to 2023-24," the ministry said, adding that this growth was a reflection of global acceptability of Indian defence products and technologies. ■

Defence sector poised to experience CAGR of 13% to FY30: Jefferies

Written using agency reports

India's defence sector is expected to report twofold growth in domestic defence expenditure from FY24E-30E, according to a report by Jefferies. With an estimated domestic defence opportunity of $100-120 billion over the next 5-6 years, the sector anticipates a visible 13% industry compound annual growth rate (CAGR) from FY23 to FY30.

Although India ranks among the top three defence spenders globally, its defence expenditure in calendar year 2022 (CY22) merely amounted to 10% of that of the United States and 27% of China's. Despite this, India's coastline and land area dimensions nearly match those of the US and China, indicating the substantial potential for growth and investment in its defence sector.

The focus on indigenisation is expected to be a significant driver, fostering double-digit growth in domestic defence spending.

Furthermore, the export defence opportunities are projected to witness a commendable 21% CAGR from FY23 to FY30, with India's defence exports surging 16-fold from FY17 to FY24E, reaching $3 billion.

Projections suggest this figure could ascend to $ 7 billion by FY30E, aligning with the government's target of achieving $6 billion by FY29E. ■

GROWTH PRESCRIPTION

India's pharma exports rise 10% to $27.9 bn in FY24

Written using agency reports

India's drugs and pharmaceuticals exports increased 9.67% year-on-year to $27.9 billion in 2023-24, even as the total exports dipped by 3% in the last fiscal year.

A Mint report quoting Commerce Ministry data stated that pharma exports in March grew by 12.73% to $2.8 billion.

In 2022-23, the exports stood at $ 25.4 billion.

The top five export markets, for the sector during the last fiscal year, are the US, the UK, the Netherlands, the United Kingdom, South Africa and Brazil.

The US accounts for over 31% of India's pharma exports, followed by the UK and Netherlands (about 3% each).

The US accounts for over 31% of India's total pharma exports, followed by the UK and Netherlands (about 3% each). In 2023-24, the outbound shipments also entered new geographies like Montenegro, South Sudan, Chad, Comoros, Brunei, Latvia, Ireland, Chad, Sweden, Haiti and Ethiopia.

An industry expert said that increasing market opportunities and healthy demand in countries like the US are helping exports to record healthy growth rates month after month.

On average, India exports pharma products worth $2-3 billion every month, the report stated.

India's pharmaceutical industry is the third largest by volume and the 13th largest by value in the world, producing more than 60,000 generic drugs across 60 therapeutic categories.

The government has rolled out two production-linked incentive (PLI) schemes to promote domestic manufacturing of key pharmaceutical ingredients and generic medicines.

RIGHT CALLS

Mobile phone output tops Rs 4.1 trn in FY24

Written using agency reports

The value of mobile devices produced in India for both export and domestic markets in the financial year 2023-24 soared to Rs 4.1 trillion ($49.16 billion), up at least 17 year-on-year (Y-o-Y), said a Business Standard report quoting preliminary estimates by the Indian Cellular and Electronics Association (ICEA) which represents most of the mobile players in the country.

The final figure could be higher by another Rs 50 billion.

Apple led the charge in exports, with the value of outbound shipments of mobile devices expected to have crossed Rs 1.2 trillion ($14.39 billion) in FY24, a 33% increase from Rs 900 billion in the previous financial year. Exports in FY24, based on the early estimates, accounted for nearly 30% of total production value, up from 25% in FY23.

OUTBOUND SHIPMENTS OF MOBILE DEVICES

Nonetheless, the value of mobile exports is still a long way from the government's electronics policy target of $52-58 billion by FY26. The government's hopes that mobile device production will hit $126 billion by FY26.

The relatively high value of mobile device production was achieved despite stagnant domestic sales volume of mobile phones, with smartphone sales hovering around 145-150 million in FY24 (there was an uptick in the last quarter). The production value for the domestic market is expected to have grown by 11% from Rs 2.6 trillion in FY23 to Rs 2.9 trillion in FY24, the report stated.

The report quoting industry experts stated that the increase in the average sale price of a phone to customers' shift towards premiumisation, bolstered by the growing adoption of 5G phones. This trend, along with the export of premium-end mobile phones, has helped drive value.

The production-linked incentive scheme for mobile devices, under which eligible players together committed to export 60% of their production value, has clearly influenced the growing share of exports in overall production value.

ELECTRONICS' EMPLOYMENT

'Apple's Indian ecosystem employs 150,000 after PLI scheme'

Written using agency reports

Apple has directly employed an estimated 150,000 people in its ecosystem in India since it participated in the country's production-linked incentive (PLI) scheme for smartphones in August 2021, according to an Economic Times report.

The majority of those employed are first-time job seekers aged between 19 and 24 years, it added citing estimates from government officials and experts. Companies that get PLI benefits are required to report employment data to the government.

The report further said that around 300,000 other people were also employed indirectly through companies benefiting from the PLI scheme.

More specific than the ecosystem, Apple directly employs 3,000 people in India and the development of its iOS application supports over 1,000,000 jobs, the report quoted officials.

Apple is fostering a supplier ecosystem in India, spanning across multiple states and creating over 77,000 direct jobs, the report said. Foxconn is the leading collaborator in terms of job creation at 41,000 jobs, followed by Wistron with 27,300 jobs created and Pegatron with 9,200 jobs, the report said.

MANUFACTURING MUSCLE

PLI schemes attract over Rs 1.06 trn investment till Dec

Written using agency reports

Production-linked incentive (PLI) schemes for 14 sectors have attracted over Rs 1.06 trillion investments till December 2023, with pharma and solar modules accounting for nearly half of the total, according to government data.

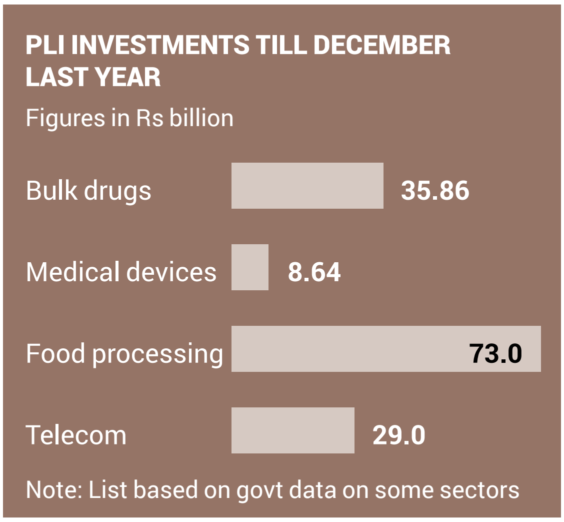
The response to the schemes was tepid in sectors like IT hardware, auto, and auto components, textiles, and ACC battery storage till December last year.

The government in 2021 announced PLI schemes for 14 sectors such as telecommunication, white goods, textiles, manufacturing of medical devices, automobiles, speciality steel, food products, high-efficiency solar PV modules, advanced chemistry cell battery, drones, and pharma with an outlay of Rs 1.97 trillion.

According to the data, the pharmaceuticals and drugs sector attracted Rs 258 billion till December last year, exceeding the expected investments of Rs 172.8 billion.

As regards the high efficiency solar PV modules, the total investment was Rs 229 billion as against the expected investment of Rs 1.10 trillion.

The other PLI sectors which received healthy investments till December last year included bulk drugs (Rs 35.86 billion as against expected investments of Rs 39.39 billion), medical devices (Rs 8.64 billion as against expected investments of Rs 13 billion), food processing (Rs 73 billion as against expected investments of Rs 75 billion), and telecom (Rs 29 billion as against expected investments of Rs 40 billion).



ELECTRIC PUSH

EV sales zoom 41% in FY24; penetration at 6.8%

Written using agency reports

Electric vehicle (EV) sales in 2023-24 witnessed a robust increase of over 41%. Total EV registrations in FY24 surpassed 1.6 million, which is significantly higher than last year's 1.1 million. All this has pushed the overall EV penetration in the country in FY24 to 6.8% against 5.3% in FY23.

The uptick was despite the government's decision in June to reduce subsidies under the Faster Adoption and Manufacturing Electric Vehicles (FAME) to a third of the maximum Rs 660 billion it was offering on electric two-wheelers (e2Ws).

Following the government's decision to cap the maximum subsidy for e2Ws at Rs 225 billion , sales saw a sharp decline. This fall was over 35% in June, dropping from an all-time high of 158,000 seen in May.

Moreover, the Centre also replaced the FAME Phase-II scheme with a new one — the Electric Mobility Promotion Scheme (EMPS), 2024. This is to promote the sale of e2Ws and e3Ws in the country with effect from April 1, 2024.

Industry executives said the shift towards more electric vehicles is mainly driven by growth of charging infrastructure and focus on electrifying public transport.

This change has also been influenced by a flurry of product launches by startups in the electric two and three-wheeler spaces. It is also because of an increased availability of vehicles in the four-wheeler category. e2Ws contributed around 60% in the overall EV sales.

Despite passenger cars demonstrating the lowest penetration across all categories, their penetration doubled in FY24, rising to 2.3% from 1.3% in FY23. Additionally, in the two-wheeler category, penetration increased to 5.4% in FY24 compared to 4.4% in FY23.

Govt approves 11 EV manufacturers for sops under EMPS

Written using agency reports

The Ministry of Heavy Industries has approved 11 electric vehicle (EV) manufacturers, including Ather Energy, Bajaj Auto, Hero MotoCorp, Ola Electric, and Mahindra, to receive incentives under the recently introduced Electric Mobility Promotion Scheme (EMPS) 2024.

"A total of 11 firms have been granted approval under the EMPS, with several more under consideration," a senior official of the ministry told Business Standard.

The scheme aims to sustain the growth in EV sales, replacing the former Faster Adoption and Manufacturing of Electric Vehicles – II (FAME-II) scheme. The new scheme, with an allocation of Rs 5 billion, commenced on April 1 and will continue till July 31.

The government has streamlined the certification process for this scheme. "The approval process is now more efficient and expedited, ensuring a seamless experience for applicants," said the official.

Applications from automakers are still being accepted. Officials have indicated that all applicants seeking incentives under the upcoming scheme must undergo a registration process.

To manage the increasing demand and lessen the burden on EV manufacturers, the

According to government data, FAME-I

supported approximately 278,000 pure EVs with total demand incentives of Rs 3 billion. FAME-II, which began in April 2019 with an outlay of Rs 100 billion for three years, was later extended to March 2024.

BATTERY POWER

Govt gets 7 bids for 10 GWh advanced cell unit

Written using agency reports

The Ministry of Heavy Industries (MHI) has received bids from seven bidders under a global tender for the re-bidding of Production Linked Incentives (PLI) for 10 GWh Advanced Chemistry Cell (ACC) manufacturing.

The list of bidders who have submitted bids in response to this tender are ACME Cleantech Solutions Private Limited, Amara Raja Advanced Cell Technologies Private Limited, Anvi Power Industries Private Limited, JSW Neo Energy Limited, Reliance Industries Limited, Lucas TVS Limited, and Waaree Energies Limited for a cumulative capacity of 70 GWh.

In May 2021, the Cabinet had approved the technology agnostic PLI Scheme on “National Programme on Advanced Chemistry Cell (ACC) Battery Storage” for achieving manufacturing capacity of Fifty (50) GigaWatt hours (GWh) of ACC, with an outlay of Rs 181 billion. The first round of the ACC PLI bidding was concluded in March 2022, and three beneficiary firms were allocated a total capacity of 30 GWh, and the programme agreement with selected beneficiary firms was signed in July 2022.

Further, MHI, Government of India had released Request for Proposal (RfP) on 24th January 2024 for Shortlisting and Selection of bidders under the Production Linked Incentive (PLI) Scheme 'National Programme on Advanced Chemistry Cell (ACC) Battery Storage’ for setting up of ACC Manufacturing Units with a total manufacturing capacity of 10 GWh with maximum budgetary outlay of Rs 36 billion.

HARNESSING SOLAR POWER

India added 21 GW solar module, 3 GW cell manufacturing capacity in 2023

Written using agency reports

India installed 20.8 GW of solar modules and 3.2 GW of cell manufacturing capacity in 2023, according to Mercom Capital.

The country's cumulative solar module manufacturing capacity reached 64.5 GW, and solar cell manufacturing capacity 5.8 GW as of December 2023, the US-based research firm said in its latest report, State of Solar PV Manufacturing.

“About 60% of the installed module manufacturing capacity was equipped to manufacture solar modules in M10 and G12 wafer sizes,” the report said.

Monocrystalline modules accounted for 67.5% of the country's module production capacity, followed by polycrystalline, tunnel oxide passivated contact (TOPCon), and thin film modules, Mercom said.

Module manufacturing capacity is projected to surpass 150 GW, and cell capacity is expected to reach over 75 GW by 2026, it said.

Gujarat led the country's photovoltaic (PV) manufacturing capacity, accounting for 46.1% of solar modules. Telangana accounted for 39% of annual solar cell production capacity, the highest in the country as of December 2023.

Rajasthan and Tamil Nadu ranked second and third for solar module production capacities, accounting for 9.3% and 7.6%. Gujarat and Himachal Pradesh were second and third, with solar cell production contributing 34.7 % and 13.9% of total capacities in the country.

Tendering activity by various public sector and government entities to procure solar modules in 2023 was at 9.7 GW.

Gujarat has 46.1% of PV manufacturing capacity Telangana accounted for 39% of annual solar cell production capacity

As per the report, India imported 16.2 GW of modules against 10.3 GW in 2022.

Domestic manufacturers exported 4.8 GW of solar modules in 2023 compared to 1.6 GW in 2022.

India imported 15.6 GW of solar cells in 2023 from 5.8 GW. India's solar cell exports reached 286.3 MW in 2023, up from 10 MW in 2022.

DIGITAL PAYMENTS

Yearly transactions through UPI cross 100 bn in FY24

Written using agency reports

Unified Payment Interface (UPI) transactions in India posted a record 57% rise in volume and 44% rise in value in financial year 2023-24, compared to the previous financial year. In March 2024 too, the transactions saw 55% rise in volume to 13.44 billion and 40% in value to Rs 19.78 trillion compared to March 2023.

This was for the first time that UPI transactions crossed 100 billion and closed at 131 billion in a financial year, compared to 84 billion in 2022-23. The year also saw record value touching Rs 199.89 trillion, compared to Rs 139.1 trillion.

In February 2024, transactions were seen at 12.10 billion and Rs 18.28 trillion respectively. In January 2024, it was 12.20 billion and Rs 18.41 trillion, in terms of volume and value.

57% rise in volume of UPI transactions

17% rise in volume of IMPS transactions

11% rise in volume of FASTag transactions

"UPI has grown at a very healthy clip in FY 24, the growth in transactions is 56% year on year in terms of volume and 43% YoY in terms of value. There has been a deeper entrenchment of UPI with average ticket size (ATS) reducing steadily, meaning increased use of UPI for small ticket items. The ATS numbers were seen at Rs 1,471 in March 2024 compared to Rs 1,623 in March 2023," said Sunil Rongala, senior vice president, head of strategy, Innovation & Analytics, Worldline India on UPI transactions.

Immediate Payment Service (IMPS) transactions posted a 17% growth in volume to 581 million transactions and 16% growth in value to Rs 6.35 trillion in volume in March 2024.

During the entire financial year, it moved up by 9% to 5,999 million as against 5,510 million transactions in 2022-23.

During the financial year 2023-24, the value of IMPS transactions stood at Rs 64.93 trillion, up 17% from Rs 55.42 trillion a year ago. In February 2024, volume was seen at 535 million and valued at Rs 5.68 trillion, up from 509 million and Rs 5.66 trillion in January 2024.

FASTag transactions posted an 11% increase in volume to 339 million and 17% rise in value to Rs 5,939 crore. This was compared to 323 million in volume and Rs 5,582 crore in value in February 2024, and 331 million and Rs 5560 crore respectively in January 2024.

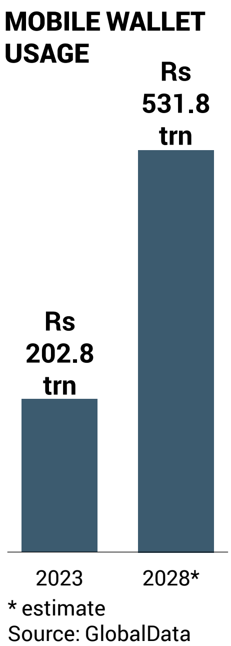
In March, the Aadhaar Enabled Payment System (AePS) was marginally down by 1% to 108 million transactions. In value terms too, this dipped by 8% to Rs 27,996 crore. In volume terms, this was down from 86 million in January and 83 million in February. In value terms this was Rs 25,057 crore in January and Rs 22,007 crore in February.

Mobile wallet usage to grow at 18.3% till 2028

Written using agency reports

GlobalData, a leading data and analytics company, in its report, said mobile wallets and their usage in India is expected to grow at a compound annual growth rate (CAGR) of 18.3% between 2024 and 2028 and reach Rs 531.8 trillion ($6.4 trillion) in 2028.

As per the report, the value of mobile wallet payments in India grew at a robust CAGR of 72.1% between 2019 and 2023 to reach Rs 202.8 trillion ($2.5 trillion) in 2023. This acceptance of mobile wallets is mainly due to the government's focussed efforts on digital payment methods, like unified payments interface (UPI).



"India is one of the most developed mobile wallet markets in the world. Mobile wallets are now widely used for day-to-day transactions at supermarkets, grocery stores, and street vendors, as well as for online transactions. The rise in mobile wallet adoption is largely driven by UPI, which facilitates payments in real-time simply by scanning QR codes," said Shivani Gupta, Senior Banking and Payments Analyst at GlobalData.

The Unified Payments Interface (UPI), launched in April 2016, ended FY24 on a strong high, setting new records for both the volume and value of transactions undertaken during March 2024.

The increase in UPI transactions is due to the ease of digital payments, widespread smartphone usage, growing number of people with bank accounts, and the availability of UPI-enabled mobile payment options. Popular mobile wallets like Paytm, PhonePe, Amazon Pay, and Google Pay support UPI for QR code transactions from bank accounts.

To expand globally and establish as a leading payment brand, UPI launched services in Sri Lanka, Mauritius, and the UAE in February 2024. Agreements with countries like Singapore and France are already in progress, with more nations likely to join soon.

AI FOR FASTER SERVICES

50% of public service organisations set to use GenAI soon: EY

Written using agency reports

A recent survey done by EY stated that about half of India's government and public service organisations are ready to implement their first generative artificial intelligence (GenAI) solution within the next year. They believe that this adoption will enhance automation, improve policy analysis and promote transparency in the public sector.

The survey, conducted by EY, also revealed that GenAI is soon to be deployed by government and public sector (GPS) organisations to enhance the delivery of public services and policy-making.

It was found that 61% of GPS organisations believe that GenAI will enhance the citizen experience, while 67% think it will act as a catalyst to drive innovation.

Anurag Dua, partner and leader of Public Finance Management at EY India, said, "Governments across the globe are leveraging GenAI as a major driver for economic growth and job creation. Similarly, the Indian government has identified AI as a key strategic technology and has also launched the National AI Strategy and other initiatives to promote AI adoption."

> **Governments across the globe are leveraging GenAI as a major driver for economic growth and job creation. Similarly, the Indian government has identified AI as a key strategic technology and has also launched the National AI Strategy and other initiatives to promote AI adoption**
>
> **ANURAG DUA,**
>
> Partner and leader-public finance management, EY India

The survey further shows that 30% of the organisations believed GenAI would increase productivity, and only 9% felt that the technology would lead to job displacement due to automation.

The industry also strongly demands a regulatory framework on artificial intelligence, with approximately 76% of GPS organisations proposing government action for its establishment. The major challenges that organisations face in adopting GenAI are data privacy, skill gaps, and the lack of clear use cases, the study reveals.

"Gen AI enables smarter governance and fosters innovation in public service delivery. To maximise the benefits of Gen AI, our talent needs to be skilled in new-age technologies and continue our position as a global leader in tech talent," Dua was quoted in the report.

TECH FOR GOVERNANCE

New digital platform to streamline horticulture sop distribution

Written using agency reports

The Indian government has launched CDP-SURAKSHA, a groundbreaking digital platform aimed at streamlining the distribution of subsidies to horticulture farmers under the Cluster Development Programme (CDP).

This initiative comes amid the significant contribution of the horticulture sector to India's agricultural gross value added (GVA), with consistent growth in crop production over the years.

CDP-SURAKSHA, which stands for "System for Unified Resource Allocation, Knowledge, and Secure Horticulture Assistance," is designed to ensure swift subsidy disbursal to farmers' bank accounts via the e-RUPI voucher system provided by the National Payments Corporation of India (NPCI). Unlike the previous system where farmers had to independently purchase materials and then seek subsidy release, CDP-SURAKSHA facilitates upfront subsidy provision during material purchase. Vendors only receive payment upon farmers' verification of delivery, ensuring transparency and accountability in the process.

TECH FOR TREATMENT

IIT Madras launches mobile medical devices calibration facility

Written using agency reports

Indian Institute of Technology Madras (IIT Madras) has launched India's First "medical devices calibration facility on wheels". This has been developed by IIT Madras under its "Anaivarukkum IITM" (IITM for all) Initiatives.

V Kamakoti, Director, IIT Madras, "Proper diagnosis and treatment are extremely important and for that the medical devices need to be calibrated accurately and frequently. With escalating cost for calibration this effort not only reduces the cost of calibration but also the transportation cost and time required. This is a progressive step towards affordable, scalable, quality health care for all."

Maintenance and quality assurance of life-saving medical devices are of paramount importance for healthcare delivery. Calibration is crucial as it ensures the accuracy of medical instruments for precise disease diagnosis and effectiveness. This facility is geared towards providing an affordable quality calibration facility and enabling accurate disease diagnosis and treatment.

This mobile facility will ensure pervasive quality healthcare irrespective of geographical locations across the country. This will help to test and maintain medical devices that are used in a wide range of hospitals including those in villages at their doorsteps.

This initiative boosts the United National Sustainable Development Goal 3, which calls for Health and well-being for all.

The infrastructure available in this mobile unit include state-of-the-art equipment to test the safety of medical devices and their functionalities as per international standards. ■

DIGITAL POTENTIAL

India's online consumer expenditure to double to $300 bn

Written using agency reports

India's online consumer expenditure would more than double from $140 billion to $300 billion by 2030, according to a report by venture capital firm Elevation Capital.

Against the backdrop of a thriving Indian startup ecosystem and a promising economic outlook, with GDP per capita expected to soar to $5,200 by 2031, the report said.

The report also highlighted that India's top 2%, or roughly 5 million households, will increase their pool of discretionary expenditures from $40 billion currently to $100 billion over the coming decade. The top 5 million households, constituting approximately 2% of the population, allocate approximately $40 billion annually towards discretionary expenditures. Over the next decade, this spending pool will expand to $100 billion as their incomes grow, the report noted.

Pet care, leisure travel, personal care, quick service restaurants (QSRs), apparel, durables are the key categories that will create winners in the consumer tech and brand space.

"Our consumer tech portfolio and 100+ consumer tech founders we meet every month show that the market is only getting deeper. With more disposable income in the hands of the consumer, a large share of the new revenue and profit pools would accrue to the consumer tech companies," Mukul Arora, Co-managing Partner and Mayank Khanduja, Partner, who leads Elevation's Consumer Tech investments was quoted in the report. ■

5 mn households to increase their pool of discretionary expenditures

Spending to go up from $40 bn to $100 bn

Spending pool to expand to $100 bn

Source: Elevation Capital

ROAD TO PROGRESS

NHAI reports highest highway construction in FY24

Written using agency reports

The National Highways Authority of India (NHAI) has said highway construction grew 20% in FY24 – its highest ever in a fiscal year. The state-owned highway developer built 6,644 km of national highways in FY24 against the target of 6,544 km. In FY23, NHAI built 5,544 km of national highways.

With only 9,088 km of new highways built as of February-end overall highway construction may miss the target of 13,814 km by a wide margin, though the ministry of road transport and highways said it remains optimistic about ending FY24 with 12,000-13,000 km of new highways. The National Highways & Infrastructure Development Corporation and state government agencies also build highways in India.

NHAI also registered its highest ever capital expenditure of ₹2.07 trillion in FY24, up 20% from ₹1.73 trillion in FY23 and ₹1.72 trillion in FY22. The road ministry's gross budget support

(GBS) for capex in FY24 is ₹2.64 trillion and actual expenditure as of February 2024 is ₹2.34 trillion.

Highway construction picked up pace in January and February, with over 3,000 km of highways being added to the network in a late push.

In the first 11 months of FY24 — that's up to February-end — 9,088 km of highways had been constructed, more than the previous year's 8,064 km. But the bulk of the push has come in the last few months of the year, with 2,872 km being constructed in January and February alone. ■

MoRTH raises Rs 403 bn via asset monetisation in FY24

Written using agency reports

The Ministry of Road Transport and Highways (MoRTH) has raised Rs 403 billion through various modes of asset monetisation in 2023-24 against the target of Rs 289.7 billion, according to a report by PTI quoting a senior government official.

The ministry had raised Rs 159.7 billion through the monetisation of 4 toll-operate-transfer (TOT) bundles, Rs 157 billion through Infrastructure Investment Trust (InvIT) and Rs 86.5 billlion through securitisation, the official told PTI. "NHAI's total asset monetisation programme has crossed Rs 1 trillion till date," he added.

The ministry had raised Rs 328.6 billion in 2022-23 through various modes of asset monetisation. Currently, MoRTH monetises its assets under three different modes — TOT model, InvIT and project-based financing – to provide all categories of investors an opportunity to invest in assets pertaining to highways and associated infrastructure.

InvIT is an instrument on the pattern of mutual funds, designed to pool money from investors and invest in assets that will provide cash flows over a period of time. The official also said that during the financial year 2023-24, NHAI achieved construction of 6,644 km of National Highways against the target of 6,544 km.

"This is the highest ever National Highway construction achieved in a financial year by NHAI," he added. At 6,644 km, construction increased in FY 2023-24 by around 20% compared to 5,544 km in FY 2022-23 and around 53% against 4,331 km in FY 2021-22. ■

NHAI fund raising routes

Rs 159.7bn through monetisation of 4 TOT bundles

Rs 157bn through Infrastructure Investment Trust

Rs 86.5bn through securitisation

INFLATION RELIEF

India inflation likely slipped in April: Reuters poll

Written using agency reports

India's consumer price inflation is likely to have eased to 4.80% in April, just shy of March's rate as food inflation remains sticky, according to economists polled by Reuters.

While headline inflation has moderated in recent months, food prices, which account for nearly half the Consumer Price Index (CPI) basket, have remained elevated, squeezing household budgets.

With parts of the country experiencing a heatwave, food prices continue to pose an additional risk to India's inflation trajectory, according to the latest Reserve Bank of India bulletin.

The May 3-8 Reuters poll of 44 economists showed consumer price inflation likely slipped to 4.80% in April, versus 4.85% in March.

Forecasts ranged between 4.50% and 5.10%, with a third of respondents predicting inflation to be above the March reading.

"Food inflation is sticky, and it is still around 8%... it is difficult for food inflation to come down further and headline inflation is not going to fall in a hurry," said Suman Chowdhury, chief economist at Acuite Ratings. "There is no new kind of driver to lower inflation right now. We believe inflation will remain at around 5% or even go higher in the next few months."

V Anantha Nageswaran, the government's chief economic adviser, said on Wednesday the Indian economy was better placed than before to pursue "non-inflationary" growth.

Inflation was expected to return to the RBI's 4% medium-term target next quarter, the same quarter the central bank is expected to deliver an interest rate cut, a separate Reuters survey showed.

However, India's robust economic growth rate, at 8.4% in the October-December quarter, and expectations the U.S. Federal Reserve will delay its first rate cut were likely to push the RBI to ease monetary policy at a later date.

"We believe monetary policy has little to no influence on inflation especially when supply constraints drive food inflation," said Kunal Kundu, India economist at Societe Generale. "With India's growth unusually high and given the central bank's focus on headline inflation... we expect the bank to announce its first rate cut move during Q4 2024, although we do not rule out the possibility of the decision being pushed further back into 2025."

Core inflation, which strips out volatile food and energy prices, was 3.18% in April, according to the median forecast of 22 economists. Official core inflation figures are not published.

STB, PhonePe sign MoU to boost UPI for Indian tourists

Written using agency reports

The Singapore Tourism Board (STB) and fintech major PhonePe entered into a two-year Memorandum of Understanding (MoU) with the aim to promote UPI transactions for Indian visitors in Singapore.

The collaboration with the tourism board and the Bengaluru-based company builds upon the existing Unified Payments Interface (UPI) linkage between India and Singapore. It allows customers to instantly make cross-border transactions between the two countries directly from their existing Indian bank accounts.

"Singapore is a dynamic destination with unique offerings that are well appreciated and celebrated among Indian travellers. Partnering with STB will facilitate ease of transactions for PhonePe users who can now pay directly from their existing bank account by scanning a QR code when visiting the island-city," said Ritesh Pai, Chief Executive Officer, PhonePe, International Business for PhonePe.

STB and PhonePe will invest in joint marketing efforts across the two countries to promote UPI experiences across key tourism hotspots in Singapore.

"This partnership exemplifies our dedication to enhancing the Singapore visitor experience for discerning, tech-savvy consumers. By seamlessly integrating Singapore's exceptional offerings into the digital realm, our goal is to streamline payments across the traveller's experience and promote curated deals, from attractions and retail to dining and nightlife," said Melissa Ow, Chief Executive, Singapore Tourism Board.

In January, the National Payments Corporation of India (NPCI) announced the launch of the UPI-PayNow linkage that will enable Indians to receive remittances directly into their bank accounts from Singapore and vice versa.

Cochin Shipyard signs repair agreement with US Navy

Written using agency reports

Cochin Shipyard Limited signed the Master Shipyard Repair Agreement (MSRA) with the United States Navy.

"Cochin has been qualified for entering into the MSRA after a detailed evaluation process and capability assessment by the US Navy – Military Sealift Command," the company said in a regulatory filing.

Last week, the government-owned ship building and repair company signed a contract with a fell PSU stock -- Hindustan Aeronautics worth Rs 1,173.42-crore.

On January 31, the company bagged an order from an European client, for the design and construction of one hybrid service operation vessel (SOV). The total project cost for the firm order is approximately Rs 500 crore and the vessel is to be delivered in 2026. In the same month, the company opened a new dry dock and the international ship repair facility (ISRF) in Kochi costing Rs 1,799 crore.

GEOLOGICAL SHIFTS

SJVN, IIT Patna to improve tunnelling tech

Written using agency reports

SJVN Limited has signed a Memorandum of Understanding (MoU) with the Indian Institute of Technology Patna (IIT Patna) to use advanced geological models in SJVN's tunnelling projects, thus significantly reducing time and cost overruns.

One of the key outcomes of this partnership will be the development of predictive analytics algorithms. These algorithms, leveraging integrated geotechnical data, will forecast potential risks and provide early warning systems specifically tailored for tunnelling projects. Such proactive measures are expected to substantially mitigate time and cost overruns during project execution.

Chairperson & Managing Director, SJVN, Geeta Kapur said that the primary focus of the MoU is to develop cutting-edge methodologies which integrate diverse geotechnical data sources. These would include geological surveys, borehole data, geophysical measurements and monitoring data from projects of SJVN.

Bilateral Developments

3rd International Conference of ICSI Overseas Centre held in Singapore

The Institute of Company Secretaries of India organised their 3rd International Conference in Singapore on April 5-6, 2024. The theme was "Building Resilient & Sustainable Economies".

High Commissioner Dr. Shilpak Ambule addressed the opening plenary as the guest of honour on April 5. Over 100 delegates joined the conference in person and around 3,000 delegates joined virtually from across the globe. Mrs. Lim Hwee Hua, Acting Chair, International Valuation Standards Council (IVSC), Former Minister, Prime Minister's Office of Singapore, also attended the event.

SIFAS Festival of Arts

The High Commission of India collaborated with Singapore Indian Fine Arts Society to present the Festival of Arts 2024. This year's event was the 20th edition of the festival. It was themed "Virasata: Celebrating A Timeless Legacy of Arts". The event had more than 75 performances of Indian dances, music and visual arts. Both internationally renowned and emerging talent presented these programmes. The festival highlight was the performance by Carnatic music vocal duet concert by Ranjani & Gayatri (RaGa sisters).

Utkala Divas (Odisha Day) Celebrations in Singapore

The High Commission of India in Singapore partnered with the Odiya Society of Singapore to celebrate Utkala Divas (Odisha Day) on April 13, 2024, at the Grassroots Club Auditorium in Singapore. On the occasion, the High Commission's officials distributed ODOP products from Odisha, namely, Pattachitra Paintings and Pipli Applique Work bags.

Forthcoming Events In India

I. 16th edition of BIOFACH INDIA

Date & Venue: August 3-5, 2024, at India Expo Center & Mart (IEML), Greater Noida, DELHI-NCR
Organiser: NürnbergMesse India under the aegis of Agricultural & Processed Food Products Export Development Authority (APEDA)
Contact: abhinav.bhardwaj@nm-india.com

Details: The 16th edition of BIOFACH INDIA – India's leading expo for the organic, natural and millets industry – will take place from August 3-5, 2024, at India Expo Center & Mart (IEML), Greater Noida, DELHI-NCR, India. Organised by NürnbergMesse India under the aegis of Agricultural & Processed Food Products Export Development Authority (APEDA), the expo will be co-located with the 6th edition of NATURAL EXPO INDIA and the 3rd edition of MILLETS INDIA.

Website: https://www.biofach-india.com/

II. The 8th India Water Week 2024

Date & Venue: September 17-21, 2024, at Bharat Mandapam, Pragati Maidan, New Delhi
Organiser: Ministry of Jal Shakti
Contact: connect@indiawaterweek.in, indiawaterweek@gmail.com

Details: The Ministry of Jal Shakti is organising the 8th India Water Week 2024 (IWW-2024) from September 17-21, 2024, at Bharat Mandapam, Pragati Maidan, New Delhi. The main objective of the exhibition is to provide a forum for various stakeholders in the water sector, including policymakers, water managers, professionals, academia and user groups from various sections of society. It also aims to bring in international experiences while sharing the works done in India with interested countries.

Website: https://nicct.nl/event/8th-india-water-week-2024-17-21-september-2024-new-delhi/#:~:text=It%20is%20in%20this%20context,2024%20at%20Bharat%20Mandapam%2C%20Pragati

III. iPHEX-2024: India's Mega Pharma Exhibition & B2B

Date & Venue: August 28-30, 2024, at IEML Greater Noida, Delhi-NCR
Organiser: Pharmaceuticals Export Promotion Council of India
Contact: rbsm@iphex-india.com or call Mr.Murali, Director at +91-9849283461 or Mr.Kamal, Director (Regional Office,Delhi) at +91 9899392930

Details: The 10th edition of iPHEX will be organised during August 28-30, 2024, at IEML Greater Noida, Delhi-NCR India. It is an exhibition that brings together the drugs, pharmaceutical and healthcare industry under one roof. It is one of the largest showcases of Indian pharmaceutical products and technologies to a global audience. More than 400 overseas buyers from focus areas are being invited to participate in the exhibition. It will offer the industry majors from India and all across the world a great platform to connect and do business.

Website: https://www.iphex-india.com/

For feedback & comments, please contact:
High Commission of India,
31, Grange Road, Singapore-239702
Email: com2.singapore@mea.gov.in; com.singapore@mea.gov.in
URL: www.hcisingapore.gov.in