

Industry Matters

Weekly Updates

July 9, 2021

Economy, Industry and Policy

India's economic hit from second Covid wave to be limited to Q1: India's economic damage due to the second wave of COVID-19 and subsequent lockdowns will remain restricted to the April to June quarter, Moody's Investors Service said in a new macroeconomic outlook. (*Business Standard*)

FM Nirmala Sitharaman shares India's response to Covid-19 with G-20 panel: Finance Minister Nirmala Sitharaman on Monday attended a meeting of the G20 High-Level Independent Panel (HLIP) and shared India's preparedness and response to COVID-19 while highlighting the slew of measures undertaken to support the economy during the pandemic. (*Business Standard*)

Govt's move to bring DPE under FinMin to aid privatisation process: The Narendra Modi government has brought the Department of Public Enterprises (DPE) under the Ministry of Finance, a move that is expected to improve the control over public sector undertakings (PSU), and help in quicker implementation of privatisation proposals. (*Business Standard*)

Draft rules for direct selling industry will bring in accountability, regulatory clarity: The Consumer Affairs Ministry is proposing to make it mandatory for direct selling companies to register with the Department of Promotion of Industry and Internal Trade, bring in norms for grievance redressal and prohibit charging of entry or registration fee from sellers. (*The Hindu BusinessLine*)

Central excise mop-up surges over 200% in April-May: Collections from central excise duty have surged almost three times during the two-month period of April-May on a yearly basis, according to government data. (*The Hindu BusinessLine*)

Indian households to face more stress in FY22 with increasing debt: Financial stress on Indian households has worryingly increased with their debt-to-gross domestic product rising sharply, and the situation is likely to worsen this year due to the second wave of the pandemic, said a SBI Research report, while making out a case for fiscal policy action. (*The Economic Times*)

Foreign Investments

Adani to raise over \$1 billion to refinance Mumbai International Airport debt: The Adani Group, which is soon expected to take over the GVK-led Mumbai International Airport (MIAL), plans to refinance its debt at lower rates with overseas funds, people aware of the talks told ET. (*The Economic Times*)

Taiwanese giant Wistron exceeds PLI investment obligation in just 8 months: Apple Inc's leading contract manufacturer, Taiwanese giant Wistron, has exceeded its investment obligation in India in just eight months, although the government's production-linked investment (PLI) scheme allowed it to complete the investment in four years. (*Business Standard*)

Trade Policy and Competitiveness

Big boost for economy! Exports rise to record high of \$95 billion in April-June: Beating the Covid impact, merchandise exports surged 47% in June from a year before to \$32 billion, mirroring the effect of a favourable base and improved demand from key markets. Importantly, exports recorded a 30% jump even over the same month in 2019, before the pandemic struck. (*Financial Express*)

Outlook for exports of engineering goods looks strong for rest of CY 2021: With export demand for engineering goods looking strong in the coming months of 2021, continued non-availability of shipping containers could play a bigger spoilsport than even the likely third wave of Covid-19. (*Business Standard*)

New export strategy may focus more on key component: Having set an ambitious goal to ship out merchandise worth \$400 billion in FY22, India is firming up plans to bolster its exports of scores of key products where its share in the global market has traditionally remained paltry. *(Financial Express)*

Exporters' refund: RoDTEP outlay may be raised by Rs 4,000 crore: The government will likely raise the allocation for its flagship export tax refund scheme — Remission of Duties and Taxes on Exported Products (RoDTEP) — by a third this fiscal, amid apprehensions the current budgetary outlay of Rs 13,000 crore will fall way short of the amount required to implement the GK Pillai panel recommendations. *(Financial Express)*

Piyush Goyal pitches for Indo-Pacific wide services trade agreement: Commerce and Industry Minister Piyush Goyal on Wednesday called for a services trade agreement among friendly nations of the Indo-Pacific region as it can help liberalise domestic regulations and build capacity in sectors like e-commerce and IT. *(Business Standard)*

Corporate Sector

Amazon launches IP Accelerator programme in India to help businesses secure trademark: E-commerce major Amazon on Sunday announced the launch of its Intellectual Property Accelerator (IP Accelerator) programme in India to provide sellers, who are also brand owners, with access to services from IP experts and law firms. *(The Economic Times)*

Tata Steel April-June crude steel output up 55% YoY to 4.62 million tonnes: Tata Steel crude steel production grew 55 per cent in Q1FY22 to 4.62 million tonnes as against the same period last year which was impacted due to the Covid-19 pandemic and the stringent nationwide lockdown. *(Business Standard)*

Maruti Suzuki India production rises over 3 fold in June: The country's largest carmaker Maruti Suzuki India (MSI) on Monday said its total production in June 2021 increased over three times to 165,576 units compared to 50,742 units in the same month last year. *(The Economic Times)*

Jamsetji Tata is the Greatest Philanthropist of the Century: It's a proud moment for India as our very own benevolent business tycoon Jamsetji Tata has been declared the greatest philanthropist of the last 100 years. With total donations value estimated at a whopping \$102.4 billion, the late Jamsetji Tata is the world's biggest philanthropist of the last century, says the new report '2021 EdelGive Hurun Philanthropists of the Century'. *(The CSR Journal)*

MSMEs and Start-ups

Despite recast, significant stress seen among MSMEs – RBI: The Medium, Micro and Small Enterprises are among the worst hit and they face enormous stress in meeting their payment obligations, the Reserve Bank of India said in its latest edition of Financial Stability Report. Seeing the build up of stress in the segment the regulator had promptly allowed recast of loans worth Rs 50 crore to struggling small companies to tide over the impact of the second Covid wave. *(The Economic Times)*

MSME Associations worry over Gadkari's move to include retailers and traders in MSME sector: In a longstanding demand from retail and trade industry associations, Minister of MSME Nitin Gadkari last week reinstated the status of retailers and wholesale traders as MSMEs. *(Financial Express)*

GeM: Amazon of govt procurement sees over 5X increase in MSME seller base in 12 months amid Covid: The number of MSME sellers on the government's business-to-business marketplace Government eMarketplace (GeM) has grown 5.2X in the past 12 months amid increased adoption of the online channel for buying and selling goods and services due to the Covid pandemic. *(Financial Express)*

Google Pay enables online loans for small businesses, partners with digital lending app FlexiLoans: FlexiLoans said it is the first lender to go live on the Google Pay platform. The company said it has disbursed unsecured business loans worth more than Rs 1,000 crore over the last four years and has access to over 5 million MSMEs in the country. *(Financial Express)*

Employment and Industrial Relations

Lower work uptake under MNREGA in June: Millions of workers who had sought work under the rural employment guarantee scheme don't appear to have taken it up in June, indicating a revival in industrial activity in several states after the phased easing of Covid curbs. *(The Economic Times)*

Urban Indians prefer job guarantee over cash handouts, says LSE study: A majority of urban Indians left unemployed by the coronavirus pandemic want the government to guarantee them jobs like it does for people in rural areas, says a study by the London School of Economics. *(Business Standard)*

Unemployment rate falls to 7.3% as India unlocks: As the restrictions on mobility eased, the unemployment rate came further down to 7.3% for the week ended July 4 from 8.72% in the previous week and 9.35% for the week ended June 20, according to the Centre for Monitoring Indian Economy (CMIE). *(Financial Express)*

Covid-19: Poorer Indian women lost more jobs, ate less amid the pandemic: Women in India's low-income households lost jobs more often compared to men, cut back on their food intake as well as rest and provided more unpaid care work, according to a study by consulting firm Dalberg. *(Mint)*

India's hiring rate recovered moderately from 10 pc in Apr to 35 pc in May 2021: LinkedIn data: India's hiring rate has recovered moderately from 10 per cent in April to 35 per cent in May 2021, but the aftermath of the second COVID-19 wave has left professionals in India increasingly vulnerable to the economic uncertainty, as per LinkedIn data. *(Financial Express)*

Skill development policy to be reviewed to match global standards: The government may revamp its umbrella framework for skilling in India, after undertaking a review of the National Policy for Skill Development and Entrepreneurship launched in 2015 with a focus on improving productivity to match global standards. *(The Economic Times)*

Industrial Finance

MSE credit growth slips into red first time since Covid last year; share in gross bank credit declines: Bank credit growth to micro and small enterprises (MSEs) during the first month of the financial year 2021-22 registered negative growth, latest data by Reserve Bank of India on year-on-year (YoY) growth in gross bank credit deployment showed. *(Financial Express)*

Industrial sector's share in bank credit falls sharply as corporates deleverage, seek out new fund sources: Corporates continuing to deleverage their books and scouting more cheaper sources of funding, has led to a sharp fall in the share of the industrial sector in total bank credit. *(The Economic Times)*

Technology and Innovation

Govt launches 6 tech innovation platforms for globally competitive manufacturing: The government on Friday launched six technology innovation platforms that will focus on the development of technologies for globally competitive manufacturing in India. *(The Economic Times)*

UPI transactions surge to Rs 5.47 lakh crore in June: UPI enabled digital transactions surged 11.6 per cent month-on-month to Rs 5.47 lakh crore in June this year, NPCI data showed on Thursday. *(The Economic Times)*

Medical oxygen from Honeywell technology has saved 120,000 lives in India: US firm Honeywell UOP is supplying India with the raw material needed for producing medical grade oxygen, which has already saved the lives of an estimated 120,000 Covid-19 patients in this country. *(Business Standard)*

Industrial Infrastructure, Clusters and SEZs

Exporting units of SEZs should be incentivised on degree of value addition: Trade Promotion Council of India (TPCI) Founder Chairman Mohit Singla said that at present, an exporter in an SEZ and a foreign exporter are at par when it comes to selling goods to a domestic tariff area (DTA). *(Financial Express)*

Sustainable Industrialisation

Vijayawada station becomes Indian Railways' first station to be covered with 130 kWp solar panels: Big eco-friendly achievement! Indian Railways' Vijayawada station in the state of Andhra Pradesh became the first railway station in the country to be covered with 130 kWp solar panels. *(Financial Express)*

Sectoral News

June 2021 Auto Sales: Low base recovery, pent-up demand swell sales: Most of the auto OEMs have reported surge in year-on-year sales in June 2021 with triple digit growth for passenger vehicles. *(The Economic Times)*

OPEC+ seen pumping more oil in 2021, keeping some cuts through 2022: OPEC+ is moving towards gradually adding about 2 million barrels per day (bpd) to the oil market from August to December, an OPEC+ source told Reuters as the group eases back on output curbs amid a recovering global economy and an oil price rally. *(The Economic Times)*

Packaged food companies show strong appetite for PLI scheme: The government's Production-Linked Incentive Scheme (PLI) for the food processing sector has evoked strong interest from packaged food companies. *(The Hindu BusinessLine)*

Coal production dips 2 per cent to 716 million tonnes in FY21: India's coal production declined by 2.03 per cent in the financial year 2020-21 to 716 million tonnes as compared to the production level of 730.87 million tonnes seen in the previous year, according to provisional coal statistics from the Ministry of Coal. *(The Hindu BusinessLine)*

Distressed by Covid, paper sector hopes to script a recovery: There has also been a severe demand compression due to the lockdown and closing down of educational institutions, commercial establishments and downstream printers, publishers, converters and stationery services, according to the Indian Paper Manufacturers Association. *(The Hindu BusinessLine)*

Sales volume in IEX real-time power market jumps 3-fold in June: Sales volume of real-time power market (RTM), which allows consumers to buy power just one hour before delivery, jumped over three-fold to 1,726 million units in June compared to the year-ago month at Indian Energy Exchange (IEX). *(The Economic Times)*

74% of hospitality sector companies face negative credit profile. 2nd wave delays recovery: Three out of four companies in the hospitality sector have faced negative rating actions with respect to their credit profiles due to the impact of the COVID-19 pandemic, and the second wave has derailed the industry's recovery by almost three quarters, according to a report. *(The Economic Times)*

Underperforming hotels going dirt cheap but buyers lack appetite: Around 20-25 per cent of 150,000 branded hotels in India's pandemic ravaged hospitality sector stand the risk of a permanent closure, according to the Hotel Association of India. *(Business-standard)*

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