

# Industry Matters

Weekly Updates

July 16, 2021

## Economy, Industry and Policy

**Industrial output up 29.3% in May due to low base, drops 8% sequentially:** In May last year, factory output, measured by Index of Industrial Production (IIP), contracted 33.4 per cent. This is because factories remained shut due to the imposition of the nationwide lockdown last year. *(Business Standard)*

**Slow domestic demand, surging input prices worry India's secondary steelmakers:** Amid a global super-cycle for the primary infrastructure alloy, secondary mills churning out the commodity are complaining of potentially slowing home demand and surging input prices that often leave little by way of margins. *(The Economic Times)*

**Business activity back to pre-second wave levels of March 2021- Report:** The Nomura India Business Resumption Index (NIBRI) accelerated to 95.7 for the week ending Sunday, from 91.0 the previous week, it said, adding that it only 4.3 percentage points (pp) below the pre-pandemic levels of March 2020 and back to pre-second wave levels from mid-March. *(Business Standard)*

**Government may extend scheme for investment promotion:** The expenditure finance committee, which comes under the finance ministry, has approved the proposal for extension of the scheme and the commerce and industry ministry is expected to seek the Cabinet nod for the same soon, the official added. *(The Economic Times)*

**Weaving success -New textiles minister Piyush Goyal to review Rs 10,683-crore PLI scheme:** The draft pledged as much as 11% incentive to large companies for investments over Rs 500 crore in greenfield projects in technical textiles. *(Financial Express)*

**E-way bill generation gathers pace in July:** In the first 11 days of July, the average daily e-way bill generation stood at 19.24 lakh, 5.6% higher than the average for June and 49% higher than the May-level. *(Financial Express)*

**IMF approves \$650 billion expansion to fight pandemic:** IMF Managing Director Kristalina Georgieva said Friday that the new support, the largest such expansion in the history of the 190-nation lending institution, would be a "shot in the arm for the world." *(The Economic Times)*

## Foreign Investments

**S&P retains lowest investment grade rating for India at 'BBB':** S&P Global, on Tuesday, affirmed 'BBB-' sovereign rating for India with stable outlook for the fourteenth year in a row. *(The Hindu BusinessLine)*

**Insurance biz: MNCs can own 74%, but FIs, PEs hold the key:** The government last week notified amendments to regulations for the insurance sector that enabled an increase in foreign investments — up to 74% from 49% earlier. *(The Economic Times)*

**Billion-dollar baby -Singapore has invested USD 1 bn in Telangana, says envoy:** For Singapore, Telangana is the new Silicon Valley. Or so it appears. Nearly \$1 out of every \$2 of foreign investments into the State came from the landlocked nation. *(The New Indian Express)*

## Trade Policy and Competitiveness

**Forex reserves rise by \$1.013 billion to record high of \$610.012 billion:** The country's foreign exchange reserves swelled by \$1.013 billion to touch a lifetime high of \$610.012 billion in the week ended July 2, RBI data showed on Friday. In the previous week ended June 25, 2021, the reserves had jumped by \$5.066 billion to reach \$608.999 billion. *(The Economic Times)*

**India needs foreign exchange reserves buffer to tackle exchange rate volatility - Raghuram Rajan:** We need this (foreign exchange) reserve buffer to insulate ourselves because we have no friends. Even the European Union (EU) went to get swap lines from the Federal Reserve. We asked for swap lines, that is on public record, we did not get them. Only country who helped us during the taper tantrum was Japan, Rajan said. *(The Economic Times)*

**For policy stability, Cabinet okays 3-year extension of RoSCTL scheme for textiles exporters:** This will provide a level playing field to exporters and boost Indian textile exports and make these products globally competitive by rebating all embedded taxes which are currently not being rebated under any other mechanism, the government said. *(The Economic Times)*

**Gems, jewellery exports spurt by 92.37 pc to Rs 20,851 crore in June:** The overall gross export of cut and polished diamonds went up by 113.25 per cent in June to Rs 14,512.11 crore (USD 2000.48 million) compared to Rs 6,805.25 crore (USD 898.30 million) in the corresponding month last year. *(The Economic Times)*

**Agriculture, engineering products set to propel export growth in Q1:** India's merchandise exports have been rising consistently over the past seven months, signalling a gradual recovery from the disruption caused by the second wave of Covid-19. *(Business Standard)*

**India exports 4.75 mn tonnes of sugar so far this year - AISTA:** Mills have contracted to export 5.9 million tonne of sugar so far as against the 6 million tonne quota assigned by the food ministry in January this year, All India Sugar Trade Association (AISTA) said in a statement. *(The Economic Times)*

**United States became fourth-largest crude oil supplier to India in 2020 - Report:** The US supplied 10.7 million tonnes of crude oil to India in 2020, behind Iraq's 47 million tonnes, Saudi Arabia's 38 million tonnes, and UAE's 22 million tonnes, said the BP's Statistical Review of World Energy. *(The Economic Times)*

**Govt identifies items for customs exemptions review, seeks industry views:** Importers, exporters, domestic industry and trade associations are invited to give views on the subject for consideration by the government by August 10 on the 'MyGov.in' portal. Some key products covered under the list include fabrics, games/sports requisites, magnetron for microwave manufacturing, specified parts for PCB, set-up box, routers, broadband modem, contraceptives and artificial kidney. *(The Economic Times)*

**Japan, US object to India's frequent bans on onion exports:** The USA and Japan have strongly objected to India's frequent ban on onion exports at the World Trade Organization (WTO), claiming that such prohibitions without prior notification put importing countries in a difficult position. *(Financial Express)*

**India's veg oil imports drop 20% in June:** India buys palm oil from Indonesia and Malaysia while other oils, including soya oil and sunflower oil, are sourced from Argentina, Brazil, Ukraine and Russia. India is the largest importer of vegetable oils in the world and imports about 14 million tonne of oils annually, of which palm oil accounts for 8-9 million tonne. *(Financial Express)*

**India's services exports on rebound after COVID shock - Commonwealth Report:** The 2021 'Commonwealth Trade Review' concludes that the Commonwealth countries are estimated to have lost up to USD 345 billion worth of trade in 2020, including USD 60 billion in intra-Commonwealth trade. *(The Economic Times)*

**India begins talks on free trade agreement with UAE:** India has started talks on a free trade agreement (FTA) with the UAE, with expectations of a larger pact with the group of Gulf Cooperation Council. *(The Hindu BusinessLine)*

**China-India trade on rise despite chill in bilateral ties, crosses USD 57 billion in H1:** According to data released by China's Customs, India's exports to China reached USD 14.724 billion, up 69.6 per cent year on year in the first six months and India's imports from China amounted to USD 42.755 billion, up 60.4 per cent. *(The Economic Times)*

## Corporate Sector

**Hero Electric raises Rs 220 crore to fund capacity expansion, product development:** Hero Electric, India's leading electric two-wheeler maker, has raised Rs 220 crore in series B funding, buoyed by the sops announced by the central and state governments, to expand capacity and meet high demand. *(The Economic Times)*

**Tata vs Reliance - A two-front battle - renewable energy and retail:** Their renewable energy and retail plans offer contrasting strategies; if they pan out, the consumer is the guaranteed winner. *(Business Standard)*

**Adani Airport Holdings to own nearly 98% stake in GVK Airport Developers:** According to a regulatory filing on Wednesday, AAHL, a wholly-owned subsidiary of Adani Enterprises Ltd, "pursuant to the rights exercised by it as a lender of GVKADL, will hold 97.97 per cent of the paid up equity capital of GVKADL". *(The Economic Times)*

## MSMEs and Start-ups

**Mudra loans - PM Modi's pet scheme disburses 87% of sanctioned amount to micro enterprises in Q1 FY22:** Out of Rs 44125.74 crore loan amount involved in 76,69,969 Mudra loan applications, Rs 38668.03 crore loan amount was disbursed in a little over the three-month period from April 1 till July 9, 2021, according to the provisional data available with PMMY. *(Financial Express)*

**MSMEs' reverse migration issue to be addressed by cluster mapping, cluster-based skill development - Study:** The report highlighted digitisation of financial and non-financial services, setting up of digital platforms to provide access to e-business services for existing enterprises, involvement of technical institutions as solution centres among other recommendations. *(Financial Express)*

**Funding flows in fast for start-ups: \$12.1-billion investment by VCs in first 6 months of year:** Data sourced from market research firm Venture Intelligence revealed that VC (venture capital) investment in start-ups touched a whopping \$12.1 billion in the first six months of the year alone. *(Financial Express)*

**Amazon Small Business Days - Over 84,000 SME sellers received orders, 68% sellers from non-metros:** The top-selling products included food processors, organic honey, laptop tables, weighing scales, Bluetooth earphones, and more. *(Financial Express)*

**Amazon Web Services launches programme to empower PSU startups in India:** AWS Startup Ramp is an acceleration program for startups that are building innovative solutions for public sector customers worldwide, including but not limited to customers in national and local government, space and defence, and healthcare. *(Business Standard)*

## Employment and Industrial Relations

**Overall job postings improve sequentially by 4% in June across all sectors - says report:** This growth in hiring can be attributed to financial technology expansions, increasing use of digital payments, expanding vaccination efforts, and the increase in hiring activity for talent acquisition, it added. *(The Economic Times)*

**Work from home pushes IT professionals to reverse migrate to non-metros, suburbs:** With most offices still shut, many millennials are also relocating to their hometowns, thereby saving rent and spending more time with family. Data from NoBroker, a brokerage free online property platform, suggests that as the second and more virulent wave of infections adversely impacted movement, a lot of millennial office-goers chose to move to more affordable and spacious locations — either non-metro hometowns or city suburbs. *(Financial Express)*

**Indian talent moving to Canada due to H1B visa policy, US lawmakers told:** The much sought-after Indian talent is now getting attracted towards Canada in large numbers, away from the United States because of its outdated H-1B visa policy. *(Business Standard)*

## Industrial Finance

**Transaction advisors for IDBI Bank stake sale can submit bids till July 22:** The department Friday clarified that government and LIC of India intend to sell their full stakes, with an open offer also possible as per Sebi guidelines, but the quantum of stake will be decided before the request for proposal stage. *(The Economic Times)*

**RBI allows SFBs to merge with holding cos: Ujjivan, Equitas Holdings up 20%:** The Reserve Bank of India has allowed small finance banks (SFBs) and respective holding companies to apply for the Amalgamation scheme. *(Business Standard)*

## Technology and Innovation

**FM emphasises on role of technology in fighting climate change:** Finance Minister Nirmala Sitharaman on Friday emphasised the role of technology in fighting climate change and called for international cooperation to increase the supply of alternative sources of energy and technologies. *(The Economic Times)*

**Inside Tata Digital's plan to integrate online businesses and launch a super app:** Having struck back-to-back deals to boost its consumer internet play through acquisitions such as BigBasket, 1mg and Cultfit (which is currently a minority

investment), the Tata Group is piecing together its first major foray into a new business area after its entry into the aviation sector in 2013. *(The Economic Times)*

## Industrial Infrastructure, Clusters and SEZs

**Integration of industrial land bank system by Dec - Commerce ministry:** The India industrial land bank system has been integrated with industry-based GIS systems of 17 states so far and will achieve pan-India integration by December 2021, the commerce and industry ministry said on Friday. *(Business Standard)*

**NTPC gets govt nod to set up country's single largest solar park in Gujarat:** State-owned NTPC on Tuesday said it will set up country's single largest solar park at Rann of Kutch in Gujarat following the go-ahead from the government. The 4,750-megawatt (MW) renewable energy park at Rann of Kutch in Khavada Gujarat will be set up by NTPC Renewable Energy Ltd, the power giant said in a statement. *(Mint)*

**Road ministry to seek Cabinet nod for townships alongside highways - Nitin Gadkari:** The Road Transport and Highways Ministry will seek the Cabinet's approval for allowing construction of smart cities, townships, logistic parks and industrial clusters along the national highways, Union minister Nitin Gadkari said on Friday. *(The Economic Times)*

**Nitin Gadkari inaugurates, lays foundation stone for 16 highway projects in Manipur:** These highway projects will boost agricultural, industrial and socio-economic progress of the region, besides facilitating health care and emergency service to the remotest of the areas and generating employment and self-employment opportunities. *(The Economic Times)*

## Sustainable Industrialisation

**HUL introduces 'Smart Fill' machine to reduce plastic waste:** This initiative offers consumers an option to reuse their plastic bottles by refilling products from HUL's brands like Surf Excel, Comfort and Vim through the use of this smart refillery, HUL said in a statement. *(The Economic Times)*

**Consumer preferences driving brands to go green:** Several FMCG companies have taken sustainability pledges at a global level and shifted to sustainable packaging materials. For instance, Unilever is introducing a paper-based laundry detergent bottle in Brazil in 2022 followed by Europe and some other markets. Coca-Cola will introduce 100% recycled bottles in the US this year. *(Financial Express)*

## Sectoral News

**The chips crunch - 10 reasons semiconductor nationalism is making the US, China, and India nervous:** Just one sector — automobiles — has been struggling to recover and is now projected to lose as much as USD110 billion due to chip shortage, according to consulting firm AlixPartners, with the crisis affecting the production of 3.9 million. *(The Economic Times)*

**Passenger vehicle dispatches rise to 2,31,633 units in June:** Total sales across categories rose to 12,96,807 units last month as compared with 11,30,744 units in June 2020, SIAM said. *(The Economic Times)*