

# Industry Matters

Weekly Updates

February 4, 2022



## Economy, Industry and Policy

**Union Budget 2022 - Strong capex plan shows govt's prime focus is on growth:** Growth is clearly foremost in the mind of the government as reflected in the strong capex planned. An increase of 2 lakh crore, more than 35% growth over the last year spend of 5.5 lakh crore, is a landmark in itself. *[Financial Express]*

**Budget lays foundation for growth in next 25 years, says Niti Aayog VC:** Niti Aayog Vice-Chairman Rajiv Kumar on Wednesday said the government is taking all possible measures to ignite private investments, which will be the best bet to pull the economy out of the shadows of the coronavirus pandemic. *[The Economic Times]*

**India Inc welcomes focus on growth, capex, sustainability:** The Union budget for FY23 was warmly welcomed by leaders of India Inc., who appreciated its push for strong economic growth through a substantial increase in government spending. *[Mint]*

**Direct tax collections exceed Budget estimates after 3 years:** As per the Budget document, the government has revised upwards the direct tax collection estimates for 2021-22 fiscal from Rs 11.08 lakh crore in Budget estimates (BE), to Rs 12.50 lakh crore in revised estimates (RE). *[The Economic Times]*

**GST collection in Jan crosses Rs 1.3-trn mark for fourth time in FY22 - Govt:** GST collection in January crossed Rs 1.38 trillion in January, a growth of 15 per cent over the year-ago period, on pick up in economic activity and anti-evasion measures, the Finance Ministry said on Monday. *[Business Standard]*

**Core sector output up 3.8% in December:** India's core sector growth improved marginally to 3.8% in December from a nine-month low of 3.4% in the month before, data released by the commerce and industry ministry showed. *[The Economic Times]*

**Govt sets up National Land Monetisation Corp; 3,400 acres land referred by CPSEs for sale:** CPSEs have referred 3,400 acres of land and other non-core assets for monetisation from CPSEs including MTNL, BSNL, BPCL, B&R, BEML, HMT Ltd, Instrumentation Ltd. *[The Economic Times]*

**Centre's fiscal deficit reaches half of Budget estimates during April-December period:** The Controller General of Accounts data showed the government received Rs 17.61 lakh crore (89.1% of the corresponding BE 2021-22 of total receipts) up to December. This comprises Rs 14.73 lakh crore of tax revenues, Rs 2.59 lakh crore of non-tax revenues, and Rs 28,469 crore of non-debt capital receipts. *[The Economic Times]*

**For every rupee in govt coffer, 58 paise to come from taxes:** For every rupee in the government coffer, 58 paise will come from direct and indirect taxes, 35 paise from borrowings and other liabilities, 5 paise from non-tax revenue like disinvestment and 2 paise from non-debt capital receipts, according to the Budget documents for 2022-23. *[The Economic Times]*

**Higher capital spending, modest fiscal consolidation:** The Union Budget FY2023 has prioritised capital formation, driven by five overarching themes (1) 25% increase in capital outlay, (2) improving PPP structures (3) Urban Rejuvenation Capacity Building (4) Reform in public procurement & timely payments and (5) support to States for public works & power sector reforms. *[The Economic Times]*

**Govt pegs STT collection at Rs 20,000-cr for FY23:** The sharp increase in budget estimate for the next fiscal could be on account of government's confidence in the securities market. With participation of new investors continuing to be impressive in both cash and derivative segments of stock exchanges, STT collections are expected to be higher, experts believe. *[The Economic Times]*

**Budget allocation to coal ministry dips 39% to Rs 393 crore in 2022-23:** Union Coal ministry has got Rs 393.24 crore allocation for the next financial year in the Union Budget. The allocation is 38.9 per cent lower in comparison to the revised estimates of Rs 644.09 crore in 2021-22. *[The Economic Times]*

**India's cooking oil imports expected to grow at 3.4% per annum till 2030, says Economic Survey:** India's cooking oil imports will continue to grow at a high growth rate of 3.4 % per annum till 2030 due to growing urbanization and changing dietary habits with a shift toward highly processed foods with high content of vegetable oils, said the Economic Survey 2021-22 on Monday. *[The Economic Times]*



## Foreign Investment

**India receives FDI worth USD 54.1 bn during Apr-Nov:** Sectors that attracted maximum inflows during the period include computer software and hardware (USD 9 billion), automobile (USD 5.84 billion), services (USD 4.95 billion), education (USD 2.8 billion), trading (USD 2.79 billion), construction (infrastructure) activities (USD 1.48 billion), metallurgical industries (USD 1.35 billion), and defence industries (USD 2.19 million). *[The Economic Times]*

**FDI in food processing industry increases 86% during April-September in FY22:** The foreign direct investment (FDI) in the food processing industry has increased 86% during April-September in FY22 touching \$410.62 million compared to \$220.42 million in the corresponding period of the previous year. *[The Economic Times]*

**Foreign telecom gear makers bullish on India:** Multinational telecom gear makers like Nokia and Ericsson said the production-linked incentive (PLI) scheme for design-led 5G manufacturing will position India as a global manufacturing hub and allow them to deepen their manufacturing capabilities in the country. *[The Economic Times]*

**Budget 2022 - Positive ringtones for private and foreign investor participation:** India has attracted highest ever total FDI inflow of US\$ 81.72 bn during the financial year FY 2020-21. In terms of top investor countries, Singapore is at the apex with 29%, followed by the USA (23%) and Mauritius (9%) for the FY 2020-21. *[The Economic Times]*

**DPIIT to seek nod on FDI for LIC IPO:** The current FDI policy permits as much as 74% foreign investment under the automatic route in the insurance sector, but these rules do not apply to LIC, which is administered through a separate LIC Act. *[Mint]*



## Trade Policy and Competitiveness

**Petroleum products driving India's exports, agri trade growing at 23% - Eco Survey 2022:** Exporting goods worth \$301.4 billion, India has already attained over 75% of its ambitious export target of \$400 billion set for 2021-22, reveals the Economic Survey 2021-22. *[The Economic Times]*

**Global container shortage 'will remain a persistent problem' - Economic Survey 2021-22:** The Index stands at \$ 9,698.33 per 40ft container as of 20th January 2022. This is \$ 6,656 higher than the five-year average and remains 82 per cent higher than a year earlier. *[The Economic Times]*

**Exports rise by 23.69 pc to USD 34 billion in January:** The country's exports rose by 23.69 per cent to USD 34.06 billion in January on healthy performance by engineering, petroleum and gems and jewellery segments. *[The Economic Times]*

**Survey pitches for FTA push to diversify export basket, destinations:** India is negotiating such FTAs with countries including the UK, Australia, European Union (EU), Canada and the UAE. It is also reviewing its existing trade agreements with nations such as Singapore and ASEAN. *[The Economic Times]*

**Looking at new markets to push apparel exports - AEPC chairman:** Apparel exporters' body AEPC on Sunday said it is looking at new markets such as Latin America, Australia and Israel to push the country's exports, which are expected to record healthy growth during the current fiscal and in 2022-23. *[The Economic Times]*

**51 projects sanctioned under Trade Infra for Export Scheme till January-end:** Under the scheme, financial assistance in the form of grant-in-aid is provided to central/ state government-owned agencies for setting up or upgrading export infrastructure. The scheme has been further extended for the period 2021-22 to 2025-26 with a total outlay of Rs 360 crore. *[The Economic Times]*

**India's imports from China rise to \$78.88 billion during Jan-Nov 2021:** India's exports to China have increased by 24 per cent to USD 21.54 billion during January-November 2021, while imports jumped to USD 78.88 billion in the same period as against USD 52.16 billion in the corresponding period of 2020. *[Business Standard]*



## Corporate Governance

**Extension of 15% tax rate for new companies set to boost India's manufacturing aspirations:** The government's plan to extend the benefit of the concessional corporate tax rate of 15% till March 2024 for newly incorporated manufacturing companies is set to give India the much-needed competitive edge. *[The Economic Times]*

**Tata Power, Apollo Tyres ink pact to deploy EV charging stations:** Tata Power and Apollo Tyres Ltd on Thursday announced a strategic partnership to deploy public electric vehicle charging stations to strengthen their green mobility commitments. *[The Hindu BusinessLine]*

**Dalmia Bharat to invest Rs 9,000 crore in expanding cement capacity:** Dalmia Bharat is planning to increase its cement capacity to more than 48 million tonnes (MT) by the end of fiscal 2024 from the current 35.9 MT. *[The Economic Times]*



## MSMEs and Start-ups

**Budget 2022 - 8 MSME-related announcements FM Sitharaman made and here's what experts have to say:** Credit availability to MSMEs remained the centrepiece in the announcements related to the MSME sector by Finance Minister Nirmala Sitharaman in her budget presentation on Tuesday. *[Financial Express]*

**Indian startups generated over 6 lakh jobs - President Kovind:** India, accounting for 70 unicorns, added a record number of new unicorns (42) in 2021 across 18 sectors, third highest after the US and China, with a cumulative valuation of newly-added unicorns standing around \$90 billion, according to the report. *[The Economic Times]*

**Rs 6,000-cr programme to rate MSMEs to be rolled out in 5 yrs - Sitharaman:** As part of initiatives to promote digital infrastructure, a desh stack e-portal will be launched, she noted in her presentation of the Union Budget for 2022-23. *[The Economic Times]*

**Tax incentive for startups increased by one year - FM Sitharaman:** Startups have emerged as a growth driver for the economy. Tax incentives for startups increased from three years to four years of incorporation. *[The Economic Times]*

**Only one city added more startups than Bengaluru in 2021:** In Delhi, over 5,000 recognised startups were added between April 2019 and December 2021 while 4,514 startups were added in Bengaluru. However, Maharashtra has the highest number of 'recognised' startups, at 11,308. *[The Economic Times]*



## Employment and Industrial Relations

**EPFO data suggests a significant acceleration in formalisation of the job market - Economic Survey:** The latest payroll data of EPFO shows that the net addition in EPF subscribers reached 13.95 lakh during the month of November, the survey said. *[The Economic Times]*

**PLI scheme may generate 6 million jobs in next 5 years - FM Sitharaman:** The Production-Linked Incentive (PLI) scheme across 14 sectors, including IT hardware manufacturing, has the potential to generate at least 60 lakh (6 million) new job opportunities, Finance Minister Nirmala Sitharaman said on Tuesday. *[Business Standard]*

**Skills initiatives to boost employability; execution key:** The finance minister, Nirmala Sitharaman, on Tuesday announced that skilling programmes and partnerships with the industry would be reoriented to promote continuous skilling avenues, sustainability, and employability. *[The Economic Times]*

**EPFO onboards over 7000 Air India employees:** Over 7000 employees of Air India will now be provided social security coverage under the Employees Provident Fund Organisation, effective from December 1, 2021. *[The Economic Times]*

**India's unemployment rate falls sharply to 6.57 pc, lowest since March 2021 – CMIE:** India's unemployment rate witnessed a sharp decline to 6.57 per cent in January, the lowest since March 2021, as the country gradually recovers with easing of restrictions following a decline in Omicron cases, according to CMIE. *[The Economic Times]*

**Centre allocates Rs 73,000 crore to MGNREGA, 25.51 pc lower than 2021-22 revised estimate:** This is 25.51 per cent less than the revised estimate for the current financial year. Finance Minister Nirmala Sitharaman had allocated Rs 73,000 crore for the Mahatma Gandhi National Rural Employment Guarantee Programme in last year's budget too. However, this was later revised to Rs 98,000 crore on account of higher demand for the work. *[The Economic Times]*



## Industrial Finance

**Scheduled commercial banks to set up 75 digital banks in 75 districts – FM:** Scheduled commercial banks will set up 75 digital banks in 75 districts to encourage digital payments, Finance Minister Nirmala Sitharaman said on Tuesday. *[The Economic Times]*

**Post offices in India to be connected to core banking system - FM Nirmala Sitharaman:** It will enable people to access their account online and also transfer money within post office accounts and to other banks. *[The Economic Times]*

**RBI to issue Central Bank Digital Currency in FY23 - FM Sitharaman in Budget:** Digital rupee to be issued using Blockchain and other technologies by the RBI starting 2022-23. This will give a big boost to the economy. *[The Economic Times]*



## Technology and Innovation

**Digital currency can be exchanged for cash, says PM Narendra Modi:** Addressing the 'Atmanirbha Arthavyavastha' (self-reliant economy) symposium organised by the BJP, PM said the central bank digital currency or the digital rupee will make online payments more secure and risk free and boost digital economy in the years to come. *[Business Standard]*

**UPI currently the single largest retail payment platform in the country - Economic Survey:** UPI carried out 4.6 billion transactions worth Rs 8.26 lakh crore in December 2021. One of the initial objectives of UPI, to replace cash for low value transactions, seems to have been met. Half of transactions through UPI were below Rs 200. *[The Economic Times]*

**Budget 2022 - Telecom sector gets a top-up for digital connectivity:** The government has promised to roll out 5G, enhance broadband services in rural areas, and boost local manufacturing under the productivity-linked incentive scheme in the Union Budget for 2022-23. *[Business Standard]*



## Industrial Infrastructure, Clusters and SEZs

**Gati Shakti - Expect infra to gain speed:** The greater connectivity that will result from these projects is expected to lead to better economic opportunities for underserved communities, especially small farmers and small and medium enterprises through new roads, cargo terminals and logistics parks. *[The Economic Times]*

**Budgetary allocation to rural roads raised by 36 pc with special focus on left wing affected areas:** The allocation to Pradhan Mantri Gram Sadak Yojana (PMGSY), the rural roads construction scheme, in the budget for the year 2022-23 was raised by whopping 36 per cent to Rs 19,000 crore, from Rs 14,000 crore. *[The Economic Times]*

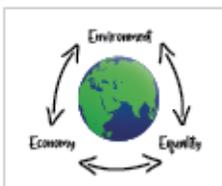
**Data centre, energy storage system to be given infrastructure status – FM:** Finance Minister Nirmala Sitharaman on Tuesday said data centre and energy storage system will be given infrastructure status to provide easy financing to the sector. *[The Economic Times]*

**Budget 2022 - SEZ Act getting ready for a makeover:** In her Budget speech on Tuesday, finance minister Nirmala Sitharaman said the SEZ Act will be replaced with a new legislation that would enable the states to become partners in "development of enterprise and service hubs". *[The Economic Times]*

**Highways to be expanded by 25,000 km - FM Nirmala Sitharaman:** PM Gati Shakti Master Plan for Expressways will be formulated in 2022-23 to facilitate the faster movement of people and goods. The national highways network will be expanded by 25,000 km in 2022-23. *[The Economic Times]*

**Gati Shakti - With ULIP, Budget wants to put \$150 billion logistics sector in the fast lane:** PM GatiShakti is a transformative approach for economic growth and sustainable development. The approach is driven by seven engines, namely, roads, railways, airports, ports, mass transport, waterways, and logistics infrastructure. *[The Economic Times]*

**400 new Vande Bharat trains announced in Budget:** Finance Minister Nirmala Sitharaman on Tuesday announced that 400 new Vande Bharat trains will be introduced and the Railways will also develop new products for small farmers and MSMEs. *[The Economic Times]*



## Sustainable Industrialisation

**PLI scheme to aid creation of 45 GW of solar equipment making capacity - RK Singh:** It is proposed in the General Budget presented in Lok Sabha on Tuesday that the funding under the PLI scheme for domestic solar cells and module manufacturing will be increased to Rs 24,000 crore from the existing Rs 4,500 crore. *[The Economic Times]*

**Construction of 21 greenfield airports approved, says President Kovind:** The Narendra Modi government has accorded approval for the construction of 21 greenfield airports in the country, President Ram Nath Kovind said on Monday. Among them, the country's biggest airport is coming up at Gautam Buddha Nagar district in Uttar Pradesh. *[The Economic Times]*

**Battery-swap policy to push EV adoption in public fleet:** A government policy for battery swapping is seen giving a boost to the domestic electric vehicle (EV) industry, especially on the public transport front, as it will provide an affordable solution to the issue of charging range anxiety. *[The Economic Times]*

**Despite push for renewables, demand for coal may be 1.3-1.5 BT by 2030 - Economic Survey:** Despite the push for renewables, as per the Draft National Energy Policy of Niti Aayog, the demand for coal is likely to remain in the range of 1.3-1.5 billion tonne by 2030, the Economic Survey 2021-22 said. *[The Economic Times]*



## Sectoral News

**Concessions in customs duty to electronics manufacturing:** Concessions in customs duty will be given to certain consumer electronic devices to promote manufacturing across wearables, hearables and specific mobile phone components. *[The Economic Times]*

**Govt classifies genomics & pharma as sunrise opportunities:** The finance minister Nirmala Sitharaman in her budget speech said the genomics and pharmaceuticals will get supportive policies, light-touch regulations, facilitative actions to build domestic capacities, and promotion of research & development. *[The Economic Times]*

**Zydus Cadila starts supplies of Covid vaccine to govt:** The vaccine is a three-dose one administered intradermally using the painless PharmaJet, a needle-free system, Tropis, on Day 0, Day 28 and Day 56. *[Financial Express]*

**Government proposes reduction in import duty on cut & polished diamonds & gemstones to 5 per cent:** To give a boost to the gems and jewellery sector, the customs duty on cut and polished diamonds and gemstones is being reduced to 5 per cent. *[The Economic Times]*

**CIL supplies to Power Sector rose 23% in April-January of FY22:** CIL produced 478 MTs of coal till January 2022 of the current financial year, which is a 25 MT jump compared to 453 MTs same period last year posting 5.5% growth. *[The Economic Times]*

**Budget 2022 - Hospitality industry welcomes ECLGS announcement that recognises distress in the sector, but feels the need for more direct intervention:** The hospitality industry, that had been anxiously waiting for some sector specific relief over the past two years, has welcomed the government's move to extend the Emergency Credit Line Guarantee Scheme (ECLGS) up to March 2023 and earmark an additional Rs 50,000 crore for hospitality and related sectors. *[The Economic Times]*



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**Team Members:** Jaishri Jethwaney, Satyaki Roy, Swati Verma, Sangeeta Ghosh, B. Dhanunjai Kumar, Amitava Dey & Rakesh Gupta. Compiled by: Rakesh Gupta. Edited by Sangeeta Ghosh

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