

Industry Matters

Weekly Updates

February 18, 2022



Economy, Industry and Policy

India economy to grow at quickest pace among large nations - Finmin report: The current year may as well end with an economic reset manifest of a post-COVID-19 world...Manufacturing and Construction will be the 'growth drivers', triggered by the PLI schemes and public capex in infrastructure," the review report said. [*The Economic Times*]

A first in 3 decades, retail inflation in US higher than India for 4 months: The US reported a CPI rate of 7.5 per cent in January 2022 against 6.01 per cent in India and analysts expect the trend to continue for at least a few months more. [*Business Standard*]

E-way bills' generation picks up, indicates spurt in consumption, GST receipts: The number of e-way bills generated for inter-state trade in goods under the goods & services tax (GST) system stood at 23.59 lakh a day in the first 13 days of February, 14% higher than in the first 16 days of the previous month. [*Financial Express*]

Asset monetisation - NITI seeks GST waiver for 'rights to use' transfers: The 18 per cent GST is seen as a hurdle in acquisition due to additional costs. The NITI Aayog may soon approach the finance ministry to seek a waiver. [*Business Standard*]

Capital expenditure aid to states may be regular Budget feature: Under the 'Scheme for Financial Assistance to States for Capital Investment', states were given 50-year interest free loans worth Rs 15,000 crore in financial year 2021-22 (FY22) and that number has been increased to Rs 1 trillion for FY23. The amount is part of the Centre's Rs 7.5 trillion capex outlay for the next year. [*Business Standard*]

2022-23 Budget proposals, recent monetary policy set tone for broad-based economic revival - RBI: The 2022-23 Budget proposals and the recent monetary policy announcements have set the tone for a durable and broad-based economic revival which has started gaining traction as the nation emerges from the third wave of the COVID-19 pandemic, according to an RBI article. [*The Economic Times*]

Centre may not go for 60% borrowing in the first half of FY23: The finance ministry is in two minds on whether to go by the usual practice of borrowing around 60 per cent of its target in the first half of FY23, or make its debt calendar more backloaded. [*Business Standard*]

Non-financial debt jumps 11.9% to Rs 371 lakh crore in Sept quarter – Report: The country's non-financial sector debt grew 11.9 per cent year-on-year to Rs 371 lakh crore, or 170.2 per cent of GDP, in the September 2021 quarter, even as the indebtedness of the households declined marginally, according to a report. [*The Economic Times*]

Indian economy on revival despite unsettling global developments, RBI paper says: RBI said that while the continued accommodative monetary policy helped in revival of economic activities, the global spillovers of higher commodity prices, persistence of supply chain bottlenecks and uncertainties have led to a tightening of financial conditions. [*The Economic Times*]

Growing revenues will lower fiscal deficit - Revenue Secretary: The fiscal deficit at present is 6.9 per cent of the GDP. The target for 2025-26 is to bring down to 4.5 per cent. If we continue to grow our revenues, the fiscal deficit can come down by 0.1 or 0.2 per cent", he said. [*The Economic Times*]



Foreign Investment

Superb response to govt's semiconductor manufacturing push, says Ashwini Vaishnaw: Vaishnaw's comments came a day after the minerals and natural resources-focused Vedanta announced a pact with contract manufacturer Foxconn on the semiconductors front. In the past, the Tata Group has also evinced interest in the area. *[The Economic Times]*

Vedanta signs up with Foxconn to manufacture semiconductors in India: In a significant development for the performance-linked incentive (PLI) scheme, Anil Agarwal-led Vedanta and Hon Hai Technology Group (also known as Foxconn) have formed a joint venture (JV) to manufacture semiconductors in India. *[Business Standard]*

India showcased investment opportunities for Japanese firms: India on Monday showcased investment opportunities in different emerging sectors including ICT, renewable energy, electric vehicles, drones, robotics and textiles for Japanese firms. *[The Economic Times]*

Vivo to invest Rs 3,500 crore in India by 2023, plans to start export mobile devices in 2022: Smartphones maker Vivo plans to invest Rs 3,500 crore in two years to boost its manufacturing facility in India and start exporting devices from the country this year, a senior company official said on Wednesday. *[The Economic Times]*

Aditya Birla Group invests undisclosed sum in Zand in UAE: The Aditya Birla Group has invested an undisclosed amount in Zand, an upcoming digital bank in the United Arab Emirates (UAE). The USD 45-billion diversified conglomerate joins other investors like Franklin Templeton, Al Hail Holding LLC, Al Sayyah and Sons Investments LLC, Global Development Group. *[The Economic Times]*



Trade Policy and Competitiveness

India's January trade deficit at \$17.42 billion - Trade ministry: India's exports in January rose 25.28 per cent to USD 34.50 billion on account of healthy performance by mainly engineering, petroleum and gems and jewellery sectors, even as trade deficit widened to 17.43 billion, according to data released by the commerce ministry on Tuesday. *[The Economic Times]*

Multidimensional approach key for India to achieve \$1 trn exports by 2030 - CII: The report recommends finalising free trade agreements with large markets, extending RoDTEP to all exports, attracting global firms and addressing domestic manufacturing issues to achieve the target. *[The Economic Times]*

14 products to drive \$1 trillion export aim, defence, green, digital new export areas - CII: Pharma products, electrical machinery, vehicles, plastics, furniture and textiles are among the 14 product categories that the Confederation of Indian Industry (CII) has identified for India to clock \$1 trillion merchandise exports by 2030. *[The Economic Times]*

India-Australia trade agreement to respect each other's sensitivities - Piyush Goyal, Oz minister: India and Australia plan to finalise an Interim Trade Agreement in the next 30 days. The deal will cover goods, services, rules of origin, sanitary and phytosanitary measures, customs procedure, and legal and Institutional issues. *[The Economic Times]*

India-UAE deal on Friday to double bilateral trade to \$100 billion: India and the United Arab Emirates (UAE) will on Friday sign a Comprehensive Economic Partnership Agreement (CEPA), with an aim to more than double the bilateral trade in goods to \$100 billion within five years. *[Business Standard]*

Global goods, services trade up 13% from pre-Covid levels in '21 - UNCTAD: India's trade deficit as a percentage of global trade fell to 0.6% in 2022 from 0.7% in the pre-pandemic period, the United Nations Conference on Trade and Development (UNCTAD) said on Thursday. *[The Economic Times]*

Don't drag developing nations to WTO on Covid-time measures: India, Cuba, 44 others: At least 46 countries including India, Cuba, Kenya, Nigeria and South Africa have proposed that developing countries be exempt from being taken to the World Trade Organization's dispute settlement body if they implement trade measures that are essential and necessary in response to the ongoing pandemic. *[The Economic Times]*

India can add \$20 billion to GDP if import dependence on China is halved – Report: India can add USD 20 billion to its Gross Domestic Product (GDP) if the country can reduce by 50 per cent the dependence on imports from China by leveraging the production linked incentive schemes, an SBI research report said on Tuesday. *[Financial Express]*

After free trade pact, 80% of exports to UAE to be duty free: The country would be able to export textiles worth an additional \$2 billion in the next two years and treble the plastics exports to the UAE under the Comprehensive Economic Partnership Agreement (CEPA), which the two sides will sign on Friday, said people aware of the matter. *[The Economic Times]*

Merchandise exports rise 28% YoY to \$34.5 billion in January - Govt data: Engineering goods, petroleum products, gems and jewellery, organic and inorganic chemicals, drugs and pharmaceuticals, were the top export categories. *[Business Standard]*



Corporate Governance

New CSR form to enhance corporate compliance, help govt in keeping a tab: With the Ministry of Corporate Affairs (MCA) introducing an extensive format for reporting corporate social responsibility (CSR), experts say while there is huge increase in the compliance burden, the exercise will enable the government to generate an extensive database of CSR activities in the country. *[Business Standard]*

Axis Bank set to buy Citigroup's \$2.5 billion India retail unit: An agreement for the consumer unit may be announced as soon as the next few weeks and is contingent on approval from the Reserve Bank of India. *[The Economic Times]*

IBM announces acquisition of US-based Neudestic; adds to India presence: IBM today announced the acquisition of Neudestic, a US-based cloud services consultancy specializing primarily in the Microsoft Azure platform, along with bringing skills in multicloud. *[Business Standard]*

Intel acquires Israeli chip maker Tower Semiconductor for \$5.4 bn: The acquisition advances Intel's IDM 2.0 strategy as the company further expands its manufacturing capacity, global footprint and technology portfolio to address unprecedented industry demand, the company said in a statement. *[Business Standard]*



MSMEs and Start-ups

Chips & China-plus-one give small businesses a chance to be part of a Rs 76,000-crore dream: Microchips have made MSMEs smack their lips. Though the government launched a production-linked incentive (PLI) scheme to encourage big companies to make semiconductors, small manufacturers are betting that it would also give them a much-needed stimulus. *[The Economic Times]*

Banks sanction loans worth Rs 3.1 lakh cr to MSMEs under ECLGS - Sitharaman: Finance Minister Nirmala Sitharaman on Thursday said banks have sanctioned loans worth Rs 3.1 lakh crore under the Emergency Credit Line Guarantee Scheme (ECLGS) for the MSME sector that was impacted by disruptions due to the coronavirus pandemic. The scheme has been extended till March 2023. *[The Economic Times]*

Amazon, MSME will work together to enhance production - Narayan Rane: MSME minister Narayan Rane on Monday said that his ministry along with e-commerce firm Amazon will work together to enhance production in the country and take quality goods to the people at an affordable price. *[The Economic Times]*

Uniphore a unicorn after \$400mn round: Uniphore Technologies Inc. entered the league of so-called unicorns after the conversational automation platform raised \$400 million at a valuation of \$2.5 billion. *[Mint]*

SIDBI ties up with Bihar govt to promote MSME sector in state: Bihar is the 14th state of the country with which SIDBI has tied up and it will play an important role in strengthening the MSMEs of the state, Mehrotra said. *[The Economic Times]*



Employment and Industrial Relations

Budget's MGNREGA spend cut perplexing, capex focused on less employment intensive sectors - Ind-Ra: Cutting rural employment guarantee commitments in the Budget despite a build-up of distress was termed as "perplexing" by India Ratings on Friday. *[The Economic Times]*

Govt to tighten MGNREGA scheme to plug 'tremendous leakages': The Centre has allocated Rs 73,000 crore for 2022-23, which is 25 per cent lower than the Rs 98,000 crore provided in the revised estimate (RE) for the current fiscal. *[The Economic Times]*

Connecting the dots - A just energy transition, workforce migration and employment opportunities: Almost 70 per cent of India's energy portfolio comes from fossil fuel-based generation. Apart from being the backbone of our energy sector, coal has multiple socio-economic implications in a developing nation like India. The coal mines and allied sectors employ millions of permanent and contractual labourers with or without social securities. *[The Economic Times]*

Not just manufacturing, electronics repair is a \$20 billion opportunity, create 5 million jobs: The scale itself is so huge that as per a study by Manufacturer's Association of Information Technology (MAIT), the electronic repairs market is projected to generate revenues of \$ 20 billion per annum in the next four years (from 2025 onwards). *[The Economic Times]*

Gender gap's closing, at least in the IT sector: Most of them are now chasing a target of 45-50% for female employees in their total headcount in the coming quarters, with several initiatives lined up, like increased campus and lateral hiring, building leadership pipelines and skilling focused on women. *[The Economic Times]*

Old economy companies warm up to hybrid work culture for employees: Companies such as Ceat, Tata Steel, ITC, Mahindra Finance, Thermax and Forbes Marshall are allowing flexible work options including hybrid working involving two-three day work from office and rest remote, permanent remote working, work-from-home (WFH) with fixed base location or work-from-anywhere (WFA) which does not require a fixed base location. *[The Economic Times]*



Industrial Finance

ABG Shipyard, its directors booked over Rs 22,842-crore scam; biggest fraud registered by CBI: ABG Shipyard, the flagship entity of ABG Group, has been reportedly booked by the Central Bureau of Investigation (CBI) over an alleged Rs 22,842-crore financial fraud. *[The Economic Times]*

IL&FS group to resolve debt of Rs 55,000 cr by March: IL&FS group would resolve debt of Rs 55,000 crore by March 2022, the board of the crisis-hit company has stated in its affidavit filed before the National Company Law Appellate Tribunal (NCLAT). *[The Economic Times]*

RBI extends deadline for NBFCs to meet new NPA upgradation norms: The Reserve Bank of India on Tuesday extended the timeline by six months for NBFCs to adhere the new NPA recognition norms. *[The Economic Times]*

Govt to initiate investor outreach for IDBI Bank sale from Feb 25: The government will start roadshows with investors for the strategic disinvestment of IDBI Bank from February 25 as the Centre and Life Insurance Corporation of India (LIC) look to sell their stake in the lender to a private buyer. *[Business Standard]*



Technology and Innovation

ISRO successfully launches Earth Observation Satellite, two other co-passengers on PSLV-C52: This was the 80th launch vehicle mission from SDSC SHAR. ISRO's Polar Satellite Launch Vehicle PSLV-C52 on Monday successfully injected Earth Observation Satellite EOS-04, into an intended sun-synchronous polar orbit of 529 km altitude. *[The Hindu BusinessLine]*

Discussions on with RBI over digital currency - Nirmala Sitharaman: Finance Minister Nirmala Sitharaman on Monday said discussions with regard to central bank-backed digital currency have been going on with the Reserve Bank and a decision will be taken after due deliberations. *[The Economic Times]*

India to keep up heat on China apps accessing data illegally: The government will continue to scrutinise apps of Chinese origin that are constantly accessing data of Indians "through illegal means", a senior official said. *[The Economic Times]*



Industrial Infrastructure, Clusters and SEZs

Cutting logistics cost by 6 per cent major challenge, says Nitin Gadkari: Our logistics cost is 16-18 per cent whereas it is 8-10 per cent in China and 12 per cent in Europe and the USA. That's one of the problems in our exports since the costs are high. We are going to accept this challenge and reduce the logistics cost to 8-10 per cent. *[The Economic Times]*

Centre sanctions over Rs 24 crore for dredging in Gomati river to boost Indo-Bangla waterway project - Official: The Ministry of Shipping has sanctioned Rs 24.53 crore to undertake dredging works in Gomati and construction of 10 floating jetties from Udaipur in Gomati district to Sonamura, state transport department principal secretary L Darlong said. *[The Economic Times]*



Sustainable Industrialisation

Govt notifies green hydrogen & ammonia policy; targets 5 million tonnes output by 2030: The Ministry of Power on Thursday notified the green hydrogen and ammonia policy under which the government is offering to set up manufacturing zones for production, connectivity to the ISTS (inter-state transmission system) on priority basis, and free transmission for 25 years if the production facility is commissioned before June 2025. *[The Hindu BusinessLine]*

India to waive transmission costs for green hydrogen manufacturers: India will allow companies that manufacture green hydrogen to install renewable energy generating plants without transmission costs, the country's power minister said on Wednesday. *[The Economic Times]*

India, Australia sign letter of intent on new and renewable energy technology: India and Australia have signed a letter of intent (LoI) on new and renewable energy technology aimed at scaling up manufacturing and deployment of ultra low-cost solar and clean hydrogen. *[Mint]*

Centre sets target to replace Diesel with Renewable in Agriculture by 2024: The Union Minister for Power, New and Renewable energy, R K Singh on Friday said this is in line with the government's commitment to increase the share of non-fossil fuels by 2030 and become a net zero emitter by 2070. *[Business Standard]*



Sectoral News

Indian IT crosses \$200-bn revenue mark, hits \$227 bn in FY22 - Nasscom: The Indian technology industry crossed the \$200 billion revenue mark, reaching \$227 billion revenue in FY22, witnessing a \$30 billion incremental revenue in the year with an overall growth rate of 15.5 per cent. Recording the highest ever growth since 2011 said Nasscom in its Strategic Review. *[Business Standard]*

Auto PLI will foster Rs 2.3-trn additional investment over 5 yrs - Arun Goel: Last week 20 companies, including large ones like Tata Motors, Suzuki Motor Gujarat, Mahindra & Mahindra, Hyundai and Kia Motors were selected under the Production Linked Incentive (PLI) scheme for the automobile industry. *[Business Standard]*

Passenger vehicle wholesales dip 8% in Jan as semiconductor woes continue: The total passenger vehicle wholesales dropped to 2,54,287 units in January 2022 as compared to 2,76,554 units in the same month of last year. *[Business Standard]*

Online Gaming - From Tokyo Olympics to Budget, the sector finds new supporters: AVGC is a sunrise sector in India today. The gaming market alone was valued at approximately \$1.89 billion in 2020. This figure could reach \$4.01 billion by 2026, achieving a CAGR of 16.22% in the forecast period of 2021–2026. *[The Economic Times]*

Tracking the movements - Retail, recreation visits below pre-Covid levels: Retail and recreation visits were 0.9 per cent below levels seen in the early part of 2020, mobility data from search engine Google shows. It uses anonymised location data to track how people are moving during the pandemic. *[Business Standard]*

