

Industry Matters

Weekly Updates

April 15, 2022



Economy, Industry and Policy

Budget capex to boost tax, help India become \$5-trillion economy - Finance Ministry: Prime Minister Narendra Modi in 2019 envisioned making India a USD 5 trillion economy and a global economic powerhouse. The Indian GDP is estimated to be around USD 3 trillion in 2021-22. *[The Economic Times]*

Government spend nearly Rs 91 lakh crore on development since 2014: The Rs 90.9 lakh crore expenditure includes Rs 24.85 lakh crore spent on food, fuel and fertiliser subsidies and Rs 26.3 lakh crore on capital creation. *[The Economic Times]*

FY22 gross tax revenue exceeds budget estimate by Rs 5 lakh crore: The Centre's gross tax revenue for FY22 exceeded the budget estimate by almost ₹5 lakh crore, adding up to ₹27.07 lakh crore for the year against an estimated ₹22.17 lakh crore. *[The Economic Times]*

PLI scheme for textiles - Govt approves 61 proposals of over Rs 19,000 crore: The government had approved the PLI scheme for Textiles products like MMF apparel, MMF fabrics and products of technical textiles for enhancing manufacturing capabilities and boosting exports with an approved financial outlay of Rs 10,683 crore over a five-year period. *[The Economic Times]*

Private sector capex cycle to see revival during second half of current fiscal - CEA V Anantha Nageswaran: The investment from private sector has been muted for past many years despite several measures, including corporate tax cut, taken by the government to reinvigorate it. *[The Economic Times]*

IIP growth edges up to 1.7 per cent in February from 1.5 per cent a month back: The Indices of Industrial Production for the Mining, Manufacturing and Electricity sectors for the month of February 2022 stand at 123.2, 130.8 and 160.8 respectively. *[The Economic Times]*

Govt says exceeded FY22 asset monetisation target; Rs 96,000 crore realised: For FY23, it has set itself a goal of Rs 1.62 trillion, and already has a pipeline of assets worth Rs 1.6 trillion under advanced stages of implementation. *[Business Standard]*

Rural food price inflation nearly doubles in a year: Consumer food price inflation in India has nearly doubled in India since March 2021, data released by the National Statistical Office on Tuesday showed. More specifically, food price inflation in rural areas has more than doubled, from 3.94% in March 2021 to 8.04% in March 2022. *[The Economic Times]*

GST compensation - Some states may get relief package: The Centre may offer a special package to states to tide over financial difficulties as the compensation regime for the goods and services tax (GST) ends in June this year after the agreed five-year period. *[The Economic Times]*

PLI Scheme - Adding firepower to India's domestic manufacturing capabilities: The nation is paving its way towards 'Atmanirbhar Bharat', with manufacturing playing a pivotal role in steering the momentum. The sector's share in the GDP has remained range bound, hovering at ~17 per cent for the last few years. *[Financial Express]*

Red flags over PLI scheme, NITI plans to monitor performance: Taking the lead in creating a centralised database to monitor progress in the PLI schemes across sectors, the NITI Aayog plans to rope in an external agency – state-owned IFCI Ltd or Sidbi – to design and prepare the database. *[The Indian Express]*

iPhone 13 is latest Apple model to be made in India: Apple started manufacturing iPhones in India in 2017 with the iPhone SE, and currently produces the iPhone 11, iPhone 12 and now the iPhone 13 locally. None of the Pro models are made in India currently. *[The Economic Times]*

FASTag collections top Rs 4,000 crore in March, FY22 mop-up Rs 38,000 crore: With growing mobility and increasing FASTag adoption, toll revenues on the platform reached Rs 4,095 crore in March, the highest since the digital toll collection system was introduced in 2016. *[Business Standard]*



Foreign Investment

FDI may touch USD 100 billion in 2022-23 - PHD Chamber: India is expected to attract USD 100 billion foreign direct investment (FDI) in 2022-23 on the back of the economic reforms and ease of doing business in recent years, industry chamber PHDCCI said on Thursday. *[The Economic Times]*

World's Best FDI Location for Electronics R&D - 4 In Top 10 in India: Chennai is now ranked as the world's cheapest foreign direct investment (FDI) location for electronics research and development, as per an assessment, with a total of four Indian cities – Chennai, Bangalore, Pune and Gurgaon – in the top 10 cities in this list. *[NewsOnAir]*

FEMA rejig clears decks for 20% FDI in LIC: The government has notified amendment to non-debt instrument rules under the Foreign Exchange Management Act (FEMA), clearing the way for up to 20% foreign direct investment in Life Insurance Corporation (LIC). *[The Economic Times]*

Diverse opportunities make India FDI magnet, says CPPIB's John Graham: A combination of scale and breadth of investable opportunities across asset classes as diverse as toll roads and office blocks, renewable energy, ecommerce and fintech, and a constructive environment for foreign direct investment are the top draws for deploying capital in India, said the chief executive of one of the biggest retirement funds in the world. *[The Economic Times]*



Trade Policy and Competitiveness

Finance Minister Nirmala Sitharaman meets EU delegation to discuss FTA, other issues: Finance Minister Smt @nsitharaman and Mr @berndlange agreed that there is keenness to move ahead on India-EU negotiations with Bilateral Investment Treaty, Free Trade Agreement and Geographical Indications Agreement. *[The Economic Times]*

Services exports touched all-time high at USD 250 bn in FY22 - Piyush Goyal: Commerce and Industry Minister Piyush Goyal on Wednesday said services exports touched an all-time high of around USD 250 billion (about Rs 19 lakh crore) in 2021-22. The previous highest level was USD 213 billion (about Rs 16 lakh crore) in 2019-20. *[The Economic Times]*

Local drug companies get easier access to launch products in Australia: The drug regulatory authority in Australia agreeing to expedite faster and easier approvals for India's generic pharmaceutical products that have already been approved by developed countries such as the US, the UK, and European Union. *[The Economic Times]*

Exports up 37.57 pc to USD 9.32 bn during April 1-7: India's exports grew by 37.57 per cent to USD 9.32 billion during April 1-7, according to preliminary data of the commerce ministry. Exports excluding petroleum increased by 24.32 per cent. *[The Economic Times]*

India, EU to restart talks for trade pact in June: Commerce Secretary BVR Subrahmanyam said the EU team would visit India for talks immediately after the ministerial meeting of the World Trade Organisation (WTO), which is scheduled from June 12-15. *[The Economic Times]*

India, US to restart commercial dialogue, CEO forum later this year - Blinken: India and the US are restarting their bilateral commercial dialogue and the CEO's forum later this year to deepen their bilateral trade and investment relationship, US Secretary of State Antony Blinken has announced. *[The Economic Times]*

Exports up nearly 20% to \$42 billion in March: The data showed merchandise exports rose 20% from a year before to touch a fresh peak of \$42.2 billion in March. But imports grew at a faster pace of 24.2% to \$60.7 billion, leading to a trade deficit of \$18.51 billion. *[Financial Express]*

India, China trade surges to over \$31 billion in Q1 of 2022 despite bilateral chill: Between January to March this year, the trade deficit mounted to USD 22.23 billion as China's exports to India reached USD 27.1 billion - over five times - while imports totalled USD 4.87 billion, the report said. *[The Economic Times]*

Forex reserves slide USD 11.17 bln to USD 606.475 bn, steepest fall in a week: In the steepest weekly fall ever, India's forex reserves slid by USD 11.173 billion to USD 606.475 billion as the currency came under pressure due to geopolitical developments, according to the Reserve Bank data released on Friday. *[The Economic Times]*

Nepal's decision to ban import of non-essential items may hit India hard: India is Nepal's largest trading partner and biggest source of foreign investment. India enjoyed a trade surplus worth \$8.3 billion in 2021 with \$1.3 billion of imports from Nepal during the calendar year. *[Business Standard]*

WTO cuts 2022 trade forecast on Russia-Ukraine war, Covid-19: The World Trade Organization on Tuesday slashed its forecast for global trade growth this year to 3% from 4.7% due to the impact of the Russia-Ukraine war and warned against the global economy dividing into rival blocs because of the conflict. *[The Economic Times]*

India, Malaysia vow to deepen ties, intensify cooperation in various fields: India and Malaysia on Tuesday reviewed the entire gamut of bilateral relations and hoped for faster revival of ties in the post-Covid period, taking into account the shared commitment of both sides to further intensify cooperation in a wide range of areas. *[Business Standard]*



Corporate Governance

Merger of HDFC entities to increase M&A prominence among banks - Fitch: Fitch believes that the proposed merger of the HDFC entities and the recently announced acquisition of Citibank India's consumer business by Axis Bank could encourage banks to turn to M&A (merger and acquisition). *[The Economic Times]*

At \$30.3 billion, mergers and acquisitions hit four-year high in March quarter: Mergers & acquisitions started off on a strong footing, hitting a four-year high at USD 30.3 billion in the first quarter of 2022, bucking the global trend where deal-making fell sharply, says a report. *[The Economic Times]*

Baba Ramdev's Ruchi Soya to evaluate merger of Patanjali Ayurved's food portfolio with itself: Baba Ramdev's Ruchi Soya Industries on Monday said it will evaluate the most efficient mode to merge Patanjali Ayurved Ltd's food portfolio with itself and has also decided to change the name of the company to Patanjali Foods Ltd. *[The Economic Times]*

Ambuja, ACC on block as Holcim has India rethink: The Holcim Group, the world's largest cement maker, may exit India, seventeen years after it entered the country, putting its twin listed arms Ambuja Cement and ACC Ltd up for sale. *[The Economic Times]*



MSMEs and Start-ups

In pandemic shock, critical lessons for MSMEs: Micro, Small and Medium Enterprises (MSMEs) are critical for achieving the overall objectives of economic development. The sector is a significant contributor in terms of industrial output, employment generation, and the share in gross domestic product and export. But despite many initiatives by governments since Independence, the sector has been facing challenges in its quest for survival and growth. *[The Hindu]*

MSME Minister Narayan Rane to meet industry associations on MSME policy, credit, payments, other issues: Top industry bodies including FICCI, CII, PHD Chamber of Commerce and Industry, Assocham, FISME, FIEO, IEEMA, and multiple state-level chambers and industry associations have been invited to the meeting organised by the MSME Ministry at Vigyan Bhawan. *[Financial Express]*

E-commerce, digital transformation keys for growth of MSMEs: A Small Industries Development Bank of India (SIDBI) study found that 67% MSMEs surveyed reported temporary closure for up to a three-month period during COVID in the financial year 2020-21. *[The Economic Times]*

For 3rd quarter in row, Indian startup funding crosses \$10 bn in Q1 - Report: Creation of 14 more unicorns takes the overall tally of startups with over USD 1 billion valuation in the country to 84 now, according to a PwC India report. *[Business Standard]*



Employment and Industrial Relations

Gender equality - Rank declines a notch in 2022 against last year: Despite India maintaining a consistent performance on gender equality, its rank in this area in legal terms has declined to 124th among 190 countries in 2022 against 123rd a year ago and 117th in 2020, according to an index compiled by a World Bank study. *[Business Standard]*

PF subsidy scheme - New job creation a quarter less than target: As many as 5.48 million people secured new formal jobs or got re-employment in the formal sector till March-end 2022, the end date, under a provident fund subsidy scheme launched by the government in late 2020. *[Financial Express]*



Industrial Finance

FM Sitharaman to meet PSBs' heads on Apr 23 to nudge them for credit expansion: According to sources, there would be a comprehensive review of various segments and progress in government schemes including Emergency Credit Line Guarantee Scheme (ECLGS). *[The Economic Times]*

Big NBFCs to decide their own future - RBI Governor: Big non-banking finance companies (NBFCs) backed by industrial houses like Bajaj Finance, Shriram Transport Finance, Tata Capital, Aditya Birla Capital and Mahindra & Mahindra Financial Services have to find a way out of the tightening regulations as the Reserve Bank of India is unlikely to ease norms for them to convert into a bank or permitting them to merge into a bank like the way HDFC merged with HDFC Bank. *[The Economic Times]*

RBI says 22 NBFCs have surrendered their registration certificates: Reserve Bank of India on Monday said 22 NBFCs, including BNP Paribas India Finance, Swiss Leasing and Finance, and Available Finance, have surrendered their registration certificates. *[The Economic Times]*



Technology and Innovation

Retail, ecommerce to give a big boost to warehouse demand - Industry executives: The latest spurt in demand for warehousing space started in March as sales recovered rapidly after the Omicron wave in January, they said. The demand had already reached pre-Covid levels a few months ago. *[The Economic Times]*

Semiconductor plant with Foxconn to come up in 2 years - Vedanta chairman: The Indian conglomerate had already entered into a pact with electronics manufacturing giant Foxconn to form a joint venture (JV) for manufacturing semiconductors in India. *[Business Standard]*

Cardless cash withdrawal soon at all bank branches and ATMs via UPI: The Reserve Bank of India on Friday mandated interoperable card-less withdrawal using the UPI platform across bank's ATM network, to increase customer convenience and plug instances of fraud. *[The Economic Times]*

ONDC - Government's Amazon, Flipkart challenger will see pilot launch in 5 cities in April: The open public digital infrastructure framework, the Open Network for Digital Commerce (ONDC), is all set to launch its beta version in April. *[The Economic Times]*



Industrial Infrastructure, Clusters and SEZs

Road ministry completes 1,41,190 km of NH as of March 31: The Ministry of Road Transport and Highways has completed 1,41,190 km of National Highways as on 31st March 2022 out of the set target of 2,00,000 km for 2024-25. *[The Economic Times]*

Rs 1,900 crore deficit likely to hit infrastructure projects in FY23: The Parliamentary Standing Committee on Commerce has observed that a massive shortfall in the budgetary allocation of over Rs 1,900 crore by the finance ministry to the industry department may have an adverse impact on the implementation of infrastructure (infra) projects in 2022-23 (FY23). *[Business Standard]*

Awarding of new road projects increases sharply to 5,113 km in March: The length of road projects awarded by the National Highway Authority of India (NHAI) and the Ministry of Road Transport and Highways (MoRTH) together increased a little over two times to 5,113 kilometres (km) in March 2022 from the year ago. *[The Economic Times]*



Sustainable Industrialisation

Govt seeks EoI for setting up a manufacturing zone on pilot basis for power & renewable energy sector: This comes after the Union Budget announced a scheme under the Atmanirbhar Bharat package for setting up three manufacturing zones for critical power and renewable energy equipment. *[Mint]*

Gujarat tops NITI Aayog's State Energy and Climate Index Round 1: This index aims to rank states and union territories on six parameters — discoms performance, access affordability and reliability of energy, clean energy initiatives, energy efficiency, environmental sustainability and new initiatives. *[Business Standard]*

E-vehicles can generate Rs 3 lakh crore business by FY26 - Crisil: India could be a market of over three million electric vehicles (EV) a year by FY26, primarily led by two-wheelers, generating a business opportunity of ₹3 lakh crore over the next five years for the entire value chain including automakers, lenders, insurers and mobility service providers, according to a report from Crisil Research. *[The Economic Times]*

JSPL plans to set up India's second coal gasification plant at Raigarh: The 2 million tonne per annum production capacity plant, inaugurated in 2018, holds the distinction of being India's first and the only plant producing steel from 'swadeshi' coal using the coal gasification technology. *[The Economic Times]*

Vedanta to move towards green steel; working on solution for hydrogen use: Vedanta's Sesa Goa Iron Ore Business said it is looking for a tie-up with IIT-Bombay to carry out a research for manufacturing pig iron ore using hydrogen in place of coke. *[The Economic Times]*

Firms rush to tap into green hydrogen, three top cos corner large share: Green hydrogen appears to be the new fuel that is powering the ambitions of India Inc. The announcement on Tuesday by Hyderabad-based Greenko group and Belgium-based John Cockeril to build a two-gigawatt hydrogen electrolyser gigafactory in India, the largest outside of China, has put the spotlight firmly on the sector. *[Business Standard]*



Sectoral News

India could become a global auto parts manufacturing hub: Russia's invasion of Ukraine has made auto component manufacturers in India pivot their business models to source more parts from within the country. *[The Economic Times]*

First commercial flight of made-in-India Dornier plane tomorrow: Alliance Air's made-in-India aircraft - Dornier 228 - will be operated for its first commercial flight on Tuesday. The aircraft will fly on the Dibrugarh-Pasighat route, confirmed the Ministry of Civil Aviation on Monday. *[BusinessToday.In]*

India hopes 'pharma city' in Hyderabad will break China's grip on the industry: On the edge of Hyderabad in southern India, a vast patch of arid shrub-land the size of about 14,000 football fields is becoming a testing ground for a model that could help wean the world off its dependence on Chinese drug ingredients. *[The Economic Times]*

DCGI claims India on course to become global drugs hub: Claiming that India is on course to become a 'global hub for medicines', Dr VG Somani, Drug Controller General of India (DCGI), said that there has been a fourfold increase in applications of the investigational new drugs in the country. [*The Economic Times*]



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