

# Industry Matters

Weekly Updates

June 24, 2022



## Economy, Industry and Policy

**Petty patents can boost R&D:** Innovative activity is the key driver of competitiveness and economic growth. In that context, India's rank of 46 in WIPO's Global Innovation Index (GII) 2021, up from 81 in 2015, is encouraging. *[The Hindu]*

**Indian economy expected to grow by 7.5% this year - PM:** Highlighting the growth of India's digital economy, PM said its value will reach USD one trillion by 2025 and that the government is supporting innovation in every sector. *[The Hindu BusinessLine]*

**US recession set to impact India, may lead to growth slowdown in medium-term:** Research firm Nomura in a note on Thursday said that As per its Nomura India Normalization Index (NINI), the Indian economy is now racing back to above-normal levels, led by broad-based improvements across consumption, investment, industry and the external sector. *[The Economic Times]*

**Net direct tax mop-up rises 45% to over Rs 3.39 lakh crore till mid-June:** The net direct tax collection of over Rs 3.39 lakh crore included Corporation Tax (CIT) of over Rs 1.70 lakh crore and Personal Income Tax (PIT), including Security Transaction Tax (STT), of more than Rs 1.67 lakh crore. *[The Economic Times]*

**Fed's uncommon 75 may push RBI to go for steep hikes:** The US Federal Reserve's larger-than-expected 75 basis point interest rate hike on Wednesday will likely push the Reserve Bank of India (RBI) to step up its tightening cycle to maintain the differential between the two countries, traders and bankers said. *[The Economic Times]*

**Centre okays demerger of core, non-core assets of BEML:** The government is planning to sell a 26% stake in BEML. The divestment was delayed as the process of demerging the assets was taking time. *[The Economic Times]*

**Govt extends telecom PLI scheme by a year, ups incentive by Rs 4,000 cr:** The government has extended the productivity-linked incentive scheme for the telecom industry by another year and has expanded its scope to cover design-led manufacturing. The Centre will provide additional incentives of over Rs 4,000 crore under the amended scheme. *[Business Standard]*

**RBI sells \$10 billion in two weeks to keep its inflation forecast bearable:** The Reserve Bank of India (RBI) is said to have sold about \$10 billion in the past two weeks to prevent a sharp upward revision in inflation forecasts. *[The Economic Times]*

**PLI scheme to put India on firm footing in global value chain - Amitabh Kant:** The total investment committed under the PLI scheme now amounts to Rs 2.54 trillion, and is expected to create 5.9 million direct jobs. For India's economic transformation, all sectors of the economy will have to grow, not just manufacturing or services. *[Business Standard]*

**GST Council may reject demand to reduce GST rate on over 200 items:** The Council has recommended increasing the GST rate on tetra packs to bring uniformity in tax structure with respect to other substitutes, such as cartons, plastic bottles, sachets and pouches and plastic cups. *[Mint]*

**Deal activity in India grows 3.2% in May even as APAC sees decline:** Deal activity (including mergers & acquisitions, private equity, and venture financing deals) in India grew 3.2% in May, although the Asia-Pacific region as a whole witnessed a sharp decline of 12.7%, from 1,330 deals to 1,161 deals, in May this year, revealed reports by GlobalData, a data analytics firm. *[The Economic Times]*



## Foreign Investment

**Foxconn likely to set up EV manufacturing unit in India through Foxtron:** In a boost to the electric vehicle boom in India, Taiwanese major Hon Hai Technology Group (aka Foxconn) is likely to set up an EV manufacturing unit in India through its subsidiary Foxtron. *[Business Standard]*

**Despite global issues, Revlon pursuing growth in India:** Cosmetics maker Modi-Revlon will push for growth in India despite its US parent Revlon Inc filing for bankruptcy protection in the US due to mounting debt and supply chain constraints. *[The Economic Times]*

**RBI report - 'Black swan' event may trigger around Rs 7.8-lakh-cr outflow:** According to NSDL data, foreign portfolio investors have pulled out a record Rs 2,08,587 crore (\$26.75 billion) from the Indian markets in calendar year 2022 so far. *[The Indian Express]*



## Trade Policy and Competitiveness

**PM Narendra Modi exhorts exporters to achieve long-term export targets:** Prime Minister Narendra Modi on Thursday appealed to exporters and the industry to fix long-term export targets for themselves and suggest ways to the government to achieve those figures. *[The Economic Times]*

**PM launches NIRYAT information portal to support importers, exporters:** The National Import-Export for Yearly Analysis of Trade (NIRYAT) portal where importers and exporters can get all necessary information related to foreign trade will provide real time data to stakeholders, Prime Minister Narendra Modi has said. *[The Hindu BusinessLine]*

**US becomes India's largest trade partner, is India-China trade decoupling?:** India's Ministry of Commerce and Industry latest data shows that the US has become India's largest trading partner, exceeding China with bilateral trade reaching USD 119.42 billion. *[The Economic Times]*

**British PM Boris Johnson hails India-UK FTA as 'biggest of them all':** British Prime Minister Boris Johnson on Monday reiterated the Diwali timeline for a draft India-UK free trade agreement (FTA), declaring that the proposed trade deal with New Delhi would be the biggest yet in the post-Brexit context. *[The Economic Times]*

**India's Russian imports up 3.5 times on oil buys despite Western pressure:** On the back of rising crude oil purchases, India's bill for imports from sanctions-hit Russia jumped 3.5 times in a year in April to \$2.3 billion, showed data from the commerce ministry. *[Business Standard]*

**India records current account deficit (CAD) of 1.2% in FY22:** India's current account deficit (CAD) for the quarter ended March 22 was sequentially narrowed to 1.5 per cent of GDP as remittances from overseas Indians as well as software exports surged and the outflow from dividend and interest payouts fell, data from the RBI shows. *[The Economic Times]*

**Russia is rerouting trade and oil to BRICS countries - President Vladimir Putin:** In order to weather the sanctions, Russia is trying to forge closer ties with Asia, seeking to supplant the markets it lost in the row with the European Union and the United States. *[The Economic Times]*

**Hopeful for conclusion of India-UK free trade agreement by Diwali - Piyush Goyal:** We are moving ahead on FTA with Canada, EU, UK, Australia, Even GCC and Israel along with Eurasia and Brazil have shown their interest to forge FTA with India. I am hopeful that by Diwali, India-UK FTA will be concluded," Goyal said. *[The Economic Times]*

**Leather, sports goods, textiles to gain from FTA with EU - Piyush Goyal:** Piyush Goyal said on Monday that the pact will give greater market access for several domestic sectors such as textiles, leather and sports goods in the EU. *[The Economic Times]*

**Gems, jewellery exports surge 20% to Rs 25,365 cr in May - GJEPC:** Gross exports of gems and jewellery for the period of April-May 2022 grew 10.08 per cent to Rs 51,050.53 crore (USD 6.65 billion), compared to Rs 46,376.57 crore (USD 6.28 billion) during April-May 2021. *[The Economic Times]*

**Steel exports to plunge 35-40% after duty revisions - Crisil:** India's steel exports will decline 35-40% on-year to 10-12 million tonne this fiscal following the 15% export duty imposed on several finished steel products last month, a Crisil Research analysis showed on Monday. *[Mint]*



## Corporate Governance

**Mukesh Ambani's Reliance considering buying out Revlon in US, reports say:** Reliance Industries may buy out Revlon Inc in the United States, days after the cosmetics giant filed for bankruptcy. *[The Economic Times]*

**32% govt stake in Vodafone Idea before 5G auctions; debt conversion in 2-3 weeks:** After the equity conversion, the government will hold a 32% stake in Vodafone Idea and the promoters' stake will get diluted to around 50% from the current 75%. *[Financial Express]*

**Adani Power acquires infra development firms SPPL and EREPL for over Rs 609 crore:** Adani Power had signed a share-purchase agreements to acquire 100 per cent equity shares of two companies, viz. Support Properties Private Ltd (SPPL) and Eternus Real Estate Private Ltd (EREPL) from their respective shareholders. *[The Economic Times]*

**Jindal Power to buy Simhapuri power plant for about ₹300 cr:** Jindal Steel and Power Ltd., is set to acquire Simhapuri Energy's 600 MW power plant that runs on imported coal, people aware of the development said. *[The Economic Times]*

**Dr Reddy's Laboratories planning mergers and acquisitions to climb up ladder:** The company did not set a deadline but said it wants to achieve the target in the "foreseeable future". It is ranked 10 and has been steadily moving up the ranks. It was ranked 16 about five years ago. *[The Economic Times]*

**Vodafone Idea raises Rs 436 cr from Vodafone Group:** Vodafone Idea, jointly promoted by Vodafone Group and the Aditya Birla Group, will raise Rs 436.21 crore from its UK parent at Rs. 10.20 a unit, as the cash-strapped telecom operator aims to mop up all the funds it could to invest in its network and prepare for the upcoming spectrum auctions. *[The Economic Times]*



## MSMEs and Start-ups

**Wadhvani Foundation, VMentor.ai to set up India's first MSME incubator:** The alliance will offer specialised and subsidised mentoring by industry veterans to eligible MSMEs with a revenue turnover between Rs 5 crore and Rs 100 crore to help them grow quicker and with a more strategic outlook than what MSMEs' own capacities would have allowed. *[Financial Express]*

**India's new unicorn LeadSquared raises \$153 mn from WestBridge Capital:** Sales automation software-as-a-service (SaaS) platform LeadSquared on Tuesday announced it has raised \$153 million in a Series C funding round from WestBridge Capital to become a new unicorn (valuation of \$1 billion and above) in the country. *[Business Standard]*



## Employment and Industrial Relations

**Central Government Jobs - SSC invites applications for 70,000 posts:** The announcement came days after Prime Minister Narendra Modi asked central government departments to recruit 10 lakh people in the next one and half years. *[Financial Express]*

**NPS subscribers up 24 per cent YoY to 53.17 million in May - PFRDA:** The number of subscribers in various schemes of the National Pension System (NPS) rose to 53.17 million in May 2022, registering a 24.07 per cent YoY growth, the pension Fund Regulatory and Development Authority (PFRDA) data showed. Till May 2021, the NPS subscribers numbers stood at 42.85 million. *[Business Standard]*



## Industrial Finance

**Finmin asks PSBs to support growth with adequate credit to industry:** The finance ministry on Monday advised public sector banks (PSBs) to continue to support economic growth by extending adequate credit to the industry even as it asked the PSBs to accelerate bad loan recovery. *[Financial Express]*

**Bank credit growth hits three-year high of 13.1%, shows RBI data:** Bank credit grew 13.1 per cent year-on-year (YoY) in the fortnight ended June 3, the highest in the past three years, the latest data released by the Reserve Bank of India (RBI) shows. Growth in bank credit in the previous year was 5.7 per cent. *[Business Standard]*



## Technology and Innovation

**AI adoption to add \$500 billion to India's GDP by 2025 - Nasscom:** The AI adoption in four key sectors -- BFSI, consumer packaged goods (CPG) and retail, healthcare, and industrials/automotive -- can contribute 60 per cent of the total \$ 500 billion opportunity, according to "AI Adoption Index" Nasscom, EY and Microsoft, EXL and Capgemini. *[Business Standard]*

**India, Bangladesh explore cooperation in AI, cyber security, startups:** India and Bangladesh on Sunday decided to expand their strategic partnership to develop cooperation in areas of Artificial Intelligence, cyber security, startups and Fintech besides expanding ties in railways sector as well as cross-border river management and conservation. *[The Economic Times]*

**India's GSAT-24 satellite launched, entire capacity leased to Tata Play:** NewSpace India Limited (NSIL) launched GSAT-24 in its first "demand-driven" communication satellite mission post space sector reforms, leasing the entire capacity on board to Direct-to-Home (DTH) service provider Tata Play. *[The Hindu BusinessLine]*

**Govt gears up to take on Flipkart, Amazon:** ONDC is gaining increasing traction from the industry. Seven companies- one buyer side app, five seller side apps and one logistics service provider app - have adopted ONDC protocols and built their own ONDC compatible apps. *[The Economic Times]*

**Tata Motors mulls selling cars entirely online:** Tata Motors is laying the ground work to explore selling cars entirely online, a move in line with the broader market trend of retailing the goods digitally. This would be the biggest transformation for the company on sales and distribution of its cars. *[The Hindu BusinessLine]*



## Industrial Infrastructure, Clusters and SEZs

**Commerce Ministry speeds up work on new legislation to replace SEZ Act:** The Commerce and Industry Ministry's efforts to recast the SEZ Act into a new law, that will allow units located in the so-called new 'Development of Enterprise and Service Hubs' (DESH) to produce both for the domestic and international markets without constraints, is gaining momentum with discussions on around a draft legislation. *[The Hindu BusinessLine]*

**Bengaluru - PM to inaugurate, lay foundation stones of ₹27,000 cr projects today:** Prime Minister Narendra Modi on Monday arrived in Karnataka's Bengaluru to inaugurate and lay foundation stones for several rail and road infrastructure projects worth over ₹27,000 crore. *[Mint]*

**428 infra projects show cost overruns of ₹4.98-lakh cr:** According to the Ministry of Statistics and Programme Implementation, which monitors infrastructure projects of ₹150 crore and above, out of 1,559 projects, 428 projects reported cost overruns and as many as 647 projects were delayed. *[The Hindu BusinessLine]*

**Depts turning to GatiShakti to reduce execution time for infra projects:** Government departments have started making use of Prime Minister Narendra Modi's Gati Shakti-led digital technology initiative to reduce the execution time for infrastructure projects by about three-four months. *[Business Standard]*

**Karnataka attracts 81 new industrial projects worth Rs 2,690 crore:** The Karnataka Industries Department has approved 81 industrial projects worth Rs 2,689.51 crore that have the potential to generate jobs for 6,825 people. *[The Economic Times]*

**Metro projects to generate Rs 80,000 crore business opportunities for construction companies, says ICRA:** This is apart from 1,400 km of metro rail projects worth Rs 2 trillion in the approval/proposal stages, of which a 352-km of new metro network has been approved, with the balance being in the proposal stage. *[The Economic Times]*



## Sustainable Industrialisation

**India needs \$27.9 b annually till 2029 to meet RE commitments:** India will require a whopping \$223 billion of investments, or roughly an average of \$27.9 billion every year, to meet its goal of wind and solar capacity installation target of 450 gigawatts (GW) by 2030. *[The Hindu BusinessLine]*

**Delhi airport first to run on hydro and solar power:** Delhi's Indira Gandhi International Airport (IGIA) has become the first airport in India to run entirely on hydro and solar power as it switched to renewable sources for its energy needs. *[The Economic Times]*

**Flipkart Group commits to net zero carbon emissions by 2040:** E-commerce major Flipkart Group has committed to achieving net-zero carbon emissions target in its own operations by 2030 and the larger value chain by 2040, according to a statement. *[Financial Express]*

**BIS issues performance standards for EV batteries amid safety concerns:** The Bureau of Indian Standards (BIS) has come out with performance standards for electric vehicle batteries in order to ensure the safety of consumers. *[Business Standard]*



## Sectoral News

**Domestic air passenger traffic shows five-fold increase in May 2022:** Domestic air passenger traffic has witnessed a strong recovery with nearly 1.20 crore people taking to the skies in May, a volume growth of nearly 500 per cent year-on-year, as per data released by aviation regulator, the Directorate-General of Civil Aviation (DGCA). *[The Hindu BusinessLine]*

**Telcos may bid for only 4 out of 10 bands in 5G auction, spend Rs 71,000 crore: IIFL:** The report estimates a total bid value of Rs 71,000 crore, and if all three telcos opt for the option of equal installments over 20 years, the government would receive Rs 620 crore proceeds in financial year 2023. *[The Economic Times]*

**Coal stock at over 52 MT; enough for 24 days' requirement of power plants:** The Centre has said that coal stock at various coal mines in the country is more than 52 million tonnes (MT), which is sufficient for around 24 days' of fuel required for power plants. *[Mint]*

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