

Industry Matters

Weekly Updates

January 21, 2022



Economy, Industry and Policy

India better positioned to navigate any financial turbulence - UN body: India is in a better position to navigate financial turbulence due to Fed monetary tightening compared to its situation during the "taper tantrum" episode after the 2008-2009 global financial crisis even though it remains vulnerable, the United Nations said in its "World Economic Situation and Prospects" report. *[Business Standard]*

Economic recovery to become broad-based in Q3 - yet to attain durability – Report: The agency said the y-o-y performance of 10 of the 15 high-frequency indicators improved in December 2021 compared to November 2021. These include generation of GST e-way bills, non-oil merchandise exports, electricity generation, two-wheeler output as well as aggregate deposits and non-food credit of scheduled commercial banks. *[The Economic Times]*

SBI Business Activity Index lowest since Nov 15: The SBI Business Activity Index declined to 101 as on January 17 from 109 in the week ended January 10, State Bank of India said on Tuesday. *[The Economic Times]*

Wealth of richest 98 same as bottom 552 million, says Oxfam report: India's richest families saw their wealth reach a record high in 2021, even as 84 per cent of Indian households saw an income decline amid the pandemic, according to a report from non-profit Oxfam India titled 'Inequality Kills'. It said the richest 98 Indians own the same wealth as the bottom 552 million people. *[Business Standard]*

India risks stagflation, growth concentrated at 'top end' - Kaushik Basu: India's overall macroeconomic situation is in a recovery mode but the growth is concentrated at the top end, which is a worrying trend, according to former World Bank Chief Economist Kaushik Basu. *[Business Standard]*

Fin min releases ₹47,541 cr to states as advance central tax devolution to drive capex, growth: Finance minister Nirmala Sitharaman had said in November that the Centre will provide ₹95,082 crore to states, including the advance release of one instalment of central tax devolution, to help them drive up capital expenditure and aid growth. *[Mint]*

Eye on fiscal deficit - Govt tells ministries to keep expenses in check: The finance ministry on Wednesday asked departments and ministries to restrict their expenses within the allocated limits. They have been advised to seek additional funds only for unavoidable expenditure. *[Business Standard]*

Govt gets Rs 6,651 cr interim dividend from 12 PSUs, Power Grid tops table: The Centre has received Rs 6,651 crore as interim dividend from 12 public sector undertakings (PSUs) on Monday, edging towards its Rs 50,028 crore dividend target for the ongoing fiscal. *[Business Standard]*

Apple, Samsung may make handsets worth \$5 billion in FY22: Apple and Samsung are set to locally manufacture smartphones worth around \$5 billion (₹ 37,000 crore) in FY22 under the government's flagship production-linked incentive (PLI) scheme. *[The Economic Times]*

India grants over \$900 million to Sri Lanka to overcome forex crisis: India has announced a USD 900 million loan to Sri Lanka to build up its depleted foreign reserves and for food imports, amidst a shortage of almost all essential commodities in the island nation. *[Business Standard]*



Foreign Investment

Davos dialogue - PM calls on global firms to invest, says more reforms on the anvil: Prime Minister Narendra Modi on Monday pitched India as an attractive investment destination, calling on global firms to take advantage of a raft of reforms undertaken by his government in critical areas ranging from corporate taxation to reduction in the corporate compliance burden. *[Financial Express]*

FDI flows to India slip 26 per cent in 2021 - UN report: The UN Conference on Trade and Development (UNCTAD) Investment Trends Monitor published on Wednesday said global foreign direct investment flows showed a strong rebound in 2021, growing 77 per cent to an estimated USD 1.65 trillion, from USD 929 billion in 2020, surpassing their pre-COVID-19 level. *[Financial Express]*

\$6 billion in 2 weeks - India Inc bonds a big hit overseas: Indian companies raised \$6 billion selling offshore bonds during January 1-14, the most in the first fortnight of a year, showing the confidence of international investors in India's economy despite looming uncertainties globally. *[The Economic Times]*

Global VC investment touched \$171 billion in Q4 2021 - KPMG Venture Pulse report: Global venture capital (VC) investment touched \$171 billion across 8,710 deals in Q4 2021, only slightly below the previous high of \$180 billion on 9,953 deals achieved in Q3 2021, according to KPMG's Venture Pulse Report. *[The Hindu BusinessLine]*



Trade Policy and Competitiveness

India's forex reserves dip \$897 million in the first week of January: India's armoury of foreign exchange reserves is seen depleting in the recent weeks. Reserves dipped \$897 million during the week ended January 7 as the Reserve Bank sold dollars to meet dollar demand to touch \$632.7 billion. *[The Economic Times]*

Exports, imports hit record highs in December: India's merchandise exports in December surged a record 38.91% on-year to \$37.81 billion, buoyed by growth in outbound shipments of engineering, textiles and chemicals, official data released Friday showed. *[The Economic Times]*

India-China trade grows to record \$125 billion in 2021 despite tensions in eastern Ladakh: The total trade between China and India in 2021 stood at USD 125.66 billion, up 43.3 per cent from 2020, state-run Global Times reported, quoting data from the General Administration of Customs. *[The Economic Times]*

Want to bring together mutually beneficial FTA for India, Britain - UK Minister: UK's Secretary of State for International Trade Anne-Marie Trevelyan has said that both India and Britain want to bring together a free trade agreement (FTA), aimed at boosting economic ties, which is mutually beneficial for both the countries. *[The Economic Times]*

Companies, exporters cry foul as taxman raise fresh GST demands on ocean freight even as issue is pending in SC: The issue of Goods and Services Tax (GST) on ocean freight has come to haunt many companies as the tax department has started raising fresh queries over tax applicability on transportation of imported goods through the sea route. *[The Economic Times]*

Gold imports jump over 2-fold to USD 38 bn in Apr-Dec 2021: India's gold imports, which has a bearing on the country's current account deficit (CAD), more than doubled to USD 38 billion during April-December this fiscal on account of higher demand, according to data of the commerce ministry. *[The Economic Times]*

Agri exports likely to cross \$50 bn this fiscal - Commerce Ministry: The country's exports of agricultural products, including marine and plantation goods, increased 23.21 per cent to USD 31.05 billion in April-November 2021 and is expected to cross USD 50 billion for the "first time" this fiscal, the commerce ministry said on Thursday. *[The Economic Times]*



Corporate Governance

Hero Electric, Mahindra Group team up to manufacture electric vehicles: The partnership will help Hero Electric, which has a close to 36 per cent share in the EV two-wheeler market, to more than double capacity to 1 million units by 2022 and will result in extra revenue for M&M at a time when auto sales have slowed. *[Business Standard]*

Vedanta to create \$10 bln fund to bid for BPCL stake, other assets: The Indian government is seeking to privatise state-run refiner BPCL by selling its near 53% stake in the firm, worth just over \$6 billion, to private entities. *[The Economic Times]*

Vedanta group plans investments in mineral sector in Saudi Arabia: Vedanta plans to invest in the mineral sector in Saudi Arabia. The company is in discussions to identify investment opportunities in Saudi Arabia, which aims to transform itself into a mineral hub in the Middle East," the statement said. *[Business Standard]*



MSMEs and Start-ups

Boosting Entrepreneurs – Innovate for India, from India- PM to start-ups: He highlighted three critical aspects of his government efforts to further bolster the start-up ecosystem: first, to liberate entrepreneurship and innovation from the bureaucratic silos; second, to create an institutional mechanism to promote innovation; and third, to handhold young innovators. *[Financial Express]*

MeitY invites MSMEs, startups, others under this govt programme to make India semiconductor hub: The government has invited applications from micro, small and medium enterprises (MSMEs), startups, academia, research and development (R&D) organisations under the Chips to Startup (C2S) programme. *[Financial Express]*

Indian SMEs are capable of constituting a complete supply chain - MSME Secretary: Addressing the inaugural session of MSME conclave organized by Engineering Export Promotion Council (EEPC) India, BB Swain, Secretary, Ministry of MSME said that there is tremendous potential for Indian engineering MSMEs to be integrated into the global value chain due to their manufacturing cost advantage. *[The Economic Times]*

52% of Indian MSMEs saw a positive impact post pandemic - PayPal survey: The survey "MSME Digital Readiness Survey" stated that 29 per cent of the MSMEs found that the business environment in India became more favourable for online sales and for 31 per cent the cross-border opportunity was promising. *[Business Standard]*

Indifi, Google Pay join hands to offer instant credit to small businesses: MSME lending platform Indifi Technologies announced a collaboration with Google Pay to provide instant loans to eligible small merchants on the Google Pay platform. *[Business Standard]*



Employment and Industrial Relations

Global unemployment to reach 207 million in 2022 - International Labour Organisation: The International Labour Organisation has projected global unemployment at 207 million in 2022, almost 21 million more than 2019 while the total hours worked in 2022 to be almost 2% below their pre-pandemic level or a deficit of 52 million full-time equivalent jobs. *[The Economic Times]*

EPFO adds nearly 14 lakh net subscribers in November: Employee Provident Fund Organization (EPFO) has added 13.5 lakh net subscribers during the month of November 202, an increase of 25% over previous October month. *[Mint]*

Tata Consultancy Services fresher hiring may touch 100,000 in FY22: The company has on-boarded 77,000 freshers, which is higher than the earlier target of 55,000 in FY22 and much above the 40,000 hired in FY21. *[Business Standard]*

Pandemic impacts job mkt, 71% of employees rethinking their careers - Report: As the ongoing pandemic impacted the job market and become a catalyst for employees resetting their priorities, a report has revealed that about 71 per cent of workers surveyed are rethinking their careers and might explore a different career. *[Business Standard]*

Labour ministry reactivates 21 monitoring centres to mitigate migrant workers' problems: The labour ministry has reactivated the 21 monitoring centres across India to mitigate the problems of migrant workers through coordination with various state governments, union labour minister Bhupender Yadav said on Wednesday. *[The Economic Times]*

As demand surges and staff fall sick, temps deliver the goods: Hiring of temporary workers for last-mile home delivery has surged 35-40% in the past two weeks as companies grapple with increasing demand amid government restrictions to contain Covid-19 and rising absenteeism among their workforces due to infections. *[The Economic Times]*



Industrial Finance

Govt weighs extension of emergency credit scheme: The scheme offers government guarantees for up to ₹4.5 lakh crore of loans, and banks have so far sanctioned about ₹2.9 lakh crore under it. The government may expand the validity of the scheme by up to a year and the overall loan cap by 10%, said a finance ministry official. *[The Economic Times]*

SIDBI sanctions Rs 650-crore loan to AU SFB and Jana SFB: Small Industries Development Bank of India (SIDBI) has sanctioned Rs 650 crore to two small finance banks — AU SFB and Jana SFB- to provide funds to finance companies and Micro Finance Institutions (MFIs). An amount of Rs 530 crore has already been released to these SFBs. *[Business Standard]*

Income tax cannot raise fresh claims after resolution plan approved under IBC - Bombay High Court: The tax department had issued fresh notices to the corporate debtor after a resolution plan was approved. There is still ambiguity over what would happen to pending tax demand for the company under IBC. And what would happen if the company were to get a refund from the tax department after the new buyers take over, say industry trackers. *[The Economic Times]*

MEA's Think Tank among 30 NGOs to lose FCRA licence: Foreign contribution licences of more than 30 organisations, including the external affairs ministry's think tank, India Centre for Migration (ICM), were withdrawn after scrutiny of documents by the Union home ministry, according to people aware of the matter. *[The Economic Times]*

REC raises \$1,175 million from a consortium of seven banks: This is the single largest syndicated loan raised in the International Bank Loan market by any Indian NBFC. *[Business Standard]*

PMC Bank merger with Unity Small Finance Bank awaits govt approval: As per the Banking Regulation Act, the draft scheme of amalgamation is required to be placed before the government for its sanction and the Centre may sanction the scheme without any modifications or with such modifications as it may consider necessary. *[The Economic Times]*



Technology and Innovation

Microsoft, Telangana seal deal for Rs 15,000-cr data centre in Hyderabad: Telangana is one of the few states that came out with a data centre policy in India, way back in 2016. It is also expecting investments to the tune of around \$10 billion in the segment in the next five years. *[Business Standard]*

Govt to pilot-launch e-commerce network in two cities in April: A small-scale implementation of the government's ambitious Open Network for Digital Commerce (ONDC) will be rolled out across two cities by April to see how the technology-enabled infrastructure works before it is officially launched. *[Business Standard]*

E-commerce policy likely to help small retailers in using technology: Under the proposed policy, the Centre will also have to focus on promoting the government-backed e-commerce network Open Network for Digital Commerce (ONDC). ONDC aims to reduce the cost of doing business. It will benefit small and traditional retailers, while curbing digital monopolies. *[Business Standard]*

Cyberpark Kozhikode, next IT investment destination in Kerala: Cyberpark, which had started with four companies in 2014-15 now houses 65 with about 1,100 direct employees. "The existing building, which is predominantly covered under the provisions of the special economic zone, is 75 per cent occupied and expected to be full by March or April 2022. *[The Hindu BusinessLine]*



Industrial Infrastructure, Clusters and SEZs

Tata Power Renewable Energy commissions 100 MW solar projects in Uttar Pradesh: Tata Power Renewable Energy Ltd (TPREL) has commissioned two solar power projects of 50 MW each in Uttar Pradesh. A subsidiary of Tata Power, TPREL has commissioned the solar projects at Prayagraj and Banda. *[The Economic Times]*

JSW to raise Rs 2,200-crore loan to fund wind power project in TN: JSW Group is planning to raise Rs 2,200 crore through bank loans to fund a 450- megawatt (Mw) wind power unit in Tamil Nadu. *[Business Standard]*

Korean steel maker POSCO joins hands with Adani: Korean steel maker and Gujarat-based Adani group have joined hands to forge a \$5 billion partnership to explore setting up a greenfield integrated steel mill and other businesses in Gujarat's Mundra. *[The Hindu]*



Sustainable Industrialisation

PM Modi Cabinet approves Rs 1500 crore equity infusion in Indian Renewable Energy Development Agency: This equity infusion of Rs 1500 crore will help in the generation of employment, about 10200 jobs-year as well as carbon dioxide equivalent emission reduction of nearly 7.49 Million Tonnes CO₂ per year. *[Financial Express]*

India needs Green Revolution 2.0 to make agri more climate-resistant, sustainable – RBI: India needs a second green revolution along with the next generation of reforms with a view to make agriculture more climate-resistant and environmentally sustainable, said an RBI article on farm sector challenges. *[The Economic Times]*

Govt plans to convert inland waterways and army trucks into methanol engines: The government is planning to convert its inland waterways and army trucks into methanol engines with an aim to promote alternative fuel to reduce India's dependence on imported petrol and diesel. *[The Economic Times]*

NTPC to raise \$750 mn via ECB term loan for expansion in RE, coal mining: India's largest power generating company, state-owned NTPC limited will raise \$750 million through external commercial borrowing as term loan to fund its expansion plans in the renewable energy and coal mining businesses. *[Business Standard]*

Union Budget 2022 - Renewable energy industry wants stable policy to promote investments: The Union Budget 2022-23 should focus on long-term policy stability to promote investments in the renewable energy sector, according to industry executives. *[The Economic Times]*



Sectoral News

Government plans \$19 billion fertilizer subsidy in Union Budget FY23 – Sources: The finance ministry has penciled in Rs 1.4 lakh crore (\$18.8 billion) as fertilizer subsidy in the budget due February 1, up from Rs 1.3 lakh crore in the year ending March 31, due to higher raw material costs. *[The Economic Times]*

DoT amends telecom licences to enable machine-to-machine communications: The Department of Telecom on Monday amended telecom licences to enable service providers to roll out machine-to-machine communication -- a service which is considered as a key driver of 5G adoption -- in the country. *[The Economic Times]*

Reliance Jio pays Rs 30,791 crore to DoT for spectrum: Reliance Jio Infocomm (Jio) has paid Rs 30,791 crore to the telecom department, clearing all its dues towards spectrum bought in auctions before March 2021, a move that will help the Mukesh Ambani-owned telco save Rs 1,200 crore annually. *[The Economic Times]*