

# Industry Matters

Weekly Updates

March 11, 2022



## Economy, Industry and Policy

**Reduce import dependence, up manufacturing - Prime Minister Modi:** Prime Minister Narendra Modi on Thursday said Make in India is the need of the hour and appealed to the industry to reduce dependence on imports and boost domestic manufacturing. *[The Economic Times]*

**Automotive PLI scheme - A strong financial boost for manufacturing:** The government is investing in the long-term growth of our manufacturing sector by providing a strong financial booster shot in the form of the Production Linked Incentive Scheme. *[The Economic Times]*

**PLI scheme for drone industry - Aviation Ministry invites applications:** The ministry of civil aviation has invited applications for the production-linked incentive (PLI) scheme for drones and drone components that was announced in 2021. *[Mint]*

**Cabinet nod to National Land Monetisation Corp for monetisation of surplus land:** NLMC will be set up as a wholly-owned Government of India company with an initial authorized share capital of Rs 5,000 crore and paid-up share capital of Rs 150 crore, an official statement said. *[The Economic Times]*

**Central PSUs achieve 80% of FY22 capex target by Feb-end:** The National Highways Authority of India (NHAI) was the top investor with a capex of Rs 1.42 lakh crore, or 108% of its FY22 target, in April-February. Indian Railways was lagging behind NHAI as it achieved 68% of the FY22 target of Rs 1.95 lakh crore in the first eleven months of the year. *[Financial Express]*

**GST compensation cess period already extended till March 2026 - FM Nirmala Sitharaman:** Union Finance Minister Nirmala Sitharaman on Wednesday said the GST compensation cess period has already been extended till March 2026 to enable the Centre to repay loans taken to compensate all states for the year 2020. *[The Economic Times]*

**CLE urges government to extend PLI scheme to leather sector:** India's leather and footwear exports stood at USD 5.5 billion at present, which is expected to be doubled by the end of 2025. *[The Economic Times]*

**Government reopens white goods PLI application window:** The scheme, to be implemented from FY22 to FY29, has an outlay of Rs 6,238 crore and offers incentives of 4-6% on incremental sales of goods made in India until FY29. *[The Economic Times]*

**Record cooking oil prices are latest threat to surging food inflation:** Ukraine and Russia are not only major suppliers of wheat, corn and barley, but they also ship more than 75% of global exports of sunflower oil, one of the world's four leading edible oils. *[The Economic Times]*

**Casualties of Ukraine-Russia war - Indian industry feels the heat:** The tremors from Russia's invasion of Ukraine, over 5,000 kilometres away, are being felt at home, with industries from metals, oil and gas to cars and agricultural commodities feeling the jitters. *[The Economic Times]*

**GlobalData cuts Indian economy growth forecast for 2022 amid Russia-Ukraine crisis:** GlobalData, a London-based data analytics and consulting company, on Friday said it has lowered India's economy growth forecast to 7.8 per cent for 2022 due to the nation's exports being impacted by the Russia-Ukraine war and spiking oil prices causing ripple effects. *[The Economic Times]*

**GST Council may consider proposal to raise lowest slab to 8 pc, rationalise tax slabs:** The GST Council in its next meeting may look at raising the lowest tax slab to 8 per cent, from 5 per cent, and prune the exemption list in the Goods and Services Tax regime as it looks to increase revenues and do away with states' dependence on Centre for compensation. *[The Economic Times]*

**Centre likely to relax some norms for asset sale of BSNL, MTNL:** The monetisation of six properties of the two telcos was part of the revival package announced by the Centre in 2019, and the Department of Telecom was expecting Rs 3,000 crore from sale. These include four land parcels of BSNL and land and residential flats owned by MTNL in Mumbai. *[Business Standard]*



## Foreign Investment

**India ranks 2nd for global investment in digital shopping:** India is the second-largest global venture capital investment hub for digital shopping companies, growing by a whopping 175 per cent from USD 8 billion in 2020 to USD 22 billion in 2021. *[The Economic Times]*

**Data protection bill - Parliamentary panel's recommendations to hit India biz environment, FDI flows, say global industry bodies:** Implementation of the proposed Data Protection Bill, as recommended by a Parliamentary panel, will significantly degrade India's business environment and reduce foreign investment inflows, a dozen global industry bodies have said in a joint letter to the government. *[The Economic Times]*

**UN telecom body ITU to open area office for South Asia in New Delhi:** Telecom minister Ashwini Vaishnaw and International Telecommunication Union (ITU) Secretary-General Houlin Zhao signed a pact virtually on Thursday to establish an area office and innovation centre of the United Nations telecom body in New Delhi. *[The Economic Times]*

**Chips for Russian auto companies may land in India:** The beneficiaries could be the Indian units of Kia, Hyundai Motor, Skoda, Volkswagen, Renault and luxury carmakers such as Mercedes-Benz. That would be good news for Indian buyers who are waiting to get the delivery of their cars and SUVs. *[The Economic Times]*

**RIL unit, American firm form joint venture to make telecom gear:** Reliance Strategic Business Ventures (RSBVL), a wholly-owned unit of Reliance Industries (RIL), will invest ₹1,670 crore to form an electronics manufacturing JV with US-based Sanmina Corp, which will mainly produce 4G and 5G telecom network equipment for local and overseas markets. *[The Economic Times]*

**Maharashtra saw drop in FDI inflow in 2021-22; Karnataka emerged on top:** The report, which was tabled in the legislative Assembly, stated that Karnataka was leading with Rs 1,02,866 crore FDI inflow in 2021-22, followed by Gujarat with Rs 11,145 crore, Tamil Nadu with Rs 8,364 crore and Telangana with Rs 7,506 crore in the same year. *[The Economic Times]*

**RBI issues notification to operationalise USD 500-mn loan provided to Sri Lanka for petro items:** Export-Import Bank of India (Exim Bank) entered into a pact on February 2, 2022, with Sri Lanka to provide the USD 500-million line of credit for financing purchase of petroleum products. *[Financial Express]*

**Blinkit gets \$100 million from Zomato, in talks to raise another \$300 million:** This is a part of a larger \$400-million funding Blinkit is looking to raise from Zomato and other investors, which is expected to close in the next two quarters. *[The Economic Times]*



## Trade Policy and Competitiveness

**Export-to-GDP ratio - India must get back to 2013-14 level, shows data:** India is expected to have an export-to-GDP ratio of 20.8% this year; in 2013-14, India's export-to-GDP ratio was 25.4%. *[Business Standard]*

**India and US to collaborate on building resilient supply chains - USTR report:** As part of its efforts to address the global supply chain crisis, the Joe Biden administration plans to collaborate with India on building resilient supply chains and promote a transparent rules-based trading system for market economies and democracies. *[Financial Express]*

**Govt puts curbs on imports of Hydrofluorocarbons:** The government on Wednesday imposed curbs on imports of Hydrofluorocarbons (HFCs) used in refrigeration and air-conditioning to boost domestic manufacturing of the chemical. *[The Economic Times]*

**India's coal imports fall 8.76% in Feb, domestic production rises:** The price of coal in the global market touched a record high of \$400 per tonne last week. The Russia-Ukraine war has led to increase in the price of metal and fuels, including brent crude and coal. Russia accounts for 10-15 per cent of the global coal supply. *[Business Standard]*

**India-Canada CEPA talks from March 10-13:** Bilateral goods trade in 2021 reached \$ 6.29 billion, up 12% as compared to the previous year. Total bilateral trade including goods and services crossed \$11 billion. *[The Economic Times]*

**Tread softly on India's trade landscape:** Exports in February grew 22.36% to \$33.81 billion and imports 34.9% to \$55 billion, widening the trade deficit to \$13.12 billion. *[The Economic Times]*

**Government mulls edible oil import options:** Supply disruptions and trade shocks emanating from the Russia-Ukraine conflict, a possible sharp rise in inflation in the next 6-8 months, fiscal pressures and a widened current account deficit (CAD) will weigh on India's growth in the next financial year. *[The Economic Times]*

**India-UAE bilateral FTA - Upgrades in the export basket, shows data:** The UAE is India's third largest trading partner and second largest export destination after the US. But the content of trade flows between the two countries has changed in the past decade. *[Business Standard]*

**FY22 goods exports likely close to \$410 billion - Piyush Goyal:** Commerce and industry minister Piyush Goyal on Monday said that India will clock around \$410 billion of goods exports in FY22, higher than the \$400 billion aimed despite the "problems in the Northern part of Europe and Asia". *[The Economic Times]*

**CEPA 2022 - A huge impetus to India-UAE economic ties:** The CEPA will encourage bilateral investments with gains in labour-intensive industries like Textiles, Gems and Jewellery, Leather Goods and Footwear, and Food Processing. Both nations stand to benefit from this agreement. *[The Economic Times]*

**Exporters bear the brunt as Russia-Ukraine crisis takes its toll:** The apparel and engineering sectors have already witnessed the trend in the past one week. If this continues, it can have an impact on the overall export demand in the coming months, considering that Europe is the largest national export market for India. *[Business Standard]*

**There's political will to make India-UK FTA a reality - Kevin McCole, MD at UK India Business Council:** As India and the UK get down to a second round of negotiations in London on Monday for a free trade agreement (FTA), Kevin McCole, managing director at the UK India Business Council (UKIBC), says textiles, pharmaceuticals, healthcare, alcoholic drinks like Scotch, ICT and digital services will likely feature prominently in the talks. *[Financial Express]*

**India explores payment options for trading with Russia:** India is examining all possible payment mechanisms for continuing trade with Russia, including the one adopted to settle payments with Iran. *[The Economic Times]*

**India-Bangladesh joint FTA study to be finalised soon:** Bangladesh is India's 5th largest export destination, accounting for 3.32% of India's total outbound shipments in 2020-21 to \$10.16bn and imported \$1.09 bn worth of goods in the same year. *[Mint]*



## Corporate Governance

**Maruti Suzuki gets global recognition for its annual report:** Maruti Suzuki India has received the Gold recognition at the prestigious LACP 2020/21 Vision Awards for its Annual Integrated Report. *[Business Standard]*

**Reliance Industries opens country's 'largest biz, commerce hub' in Mumbai:** Reliance Industries (RIL) announced the opening of the country's largest business, commerce and cultural destination — the Jio World Centre — spread across 18.5 acres at Bandra Kurla Complex in Mumbai. *[Business Standard]*

**RIL opens India's largest convention centre at Jio World Centre with 5G network:** The convention centre has three exhibition halls spanning over an area of more than 1.61 lakh square feet and two convention halls of 1.07 lakh square feet. *[The Economic Times]*

**Reliance Retail terminates sub-lease of 950 Future stores:** Billionaire Mukesh Ambani's Reliance Retail has slapped notices on Future Retail for terminating sub-leases of 950 stores it had taken over previously. *[Business Standard]*

**Hatsun Agro plans to sell assets of ready-to-eat business:** Hatsun Agro Product Ltd on Saturday said its board will meet on March 9 to consider a proposal to sell assets of the company's ready-to-eat business. *[The Economic Times]*



## MSMEs and Start-ups

**MSME ministry launches scheme to promote creativity, entrepreneurship in sector:** The MSME ministry on Thursday launched an innovative scheme to promote creativity, adoption of latest technologies and increase awareness about importance of intellectual property rights among MSMEs. *[The Economic Times]*

**CredAvenue enters unicorn club as valuation triples to \$1.3 bn in 6 months:** Online debt marketplace CredAvenue has become the tenth unicorn of 2022, raising \$137 million in its Series B funding round. The fintech start-up said that it is now valued at \$1.3 billion – more than tripling its valuation in 6 months. *[Business Standard]*

**Govt committed to supporting MSMEs through friendly policies - Rane:** The ministry is initiating and doing its best to resolve finance-related difficulties with banks in relation to MSME and are working to overcome all the challenges faced in this sector. *[The Economic Times]*



## Employment and Industrial Relations

**Govt eases apprenticeship rules for India Inc:** The government has simplified half-a-dozen procedures for India Inc to incentivise them to take on apprenticeship training in a big way, a move aimed at doubling the number of apprentices in India from nearly 0.5 million now to 1.0 million by the end of 2022. *[The Economic Times]*

**Demand for talent grew 7% YoY in Feb, data shows:** Demand for talent surged 7% year-on-year in February 2022 while the freshers and intermediate roles saw the highest intent to hire in Feb 2022 as compared to the previous month, according to the latest Monster Employment Index findings. *[The Economic Times]*

**Automotive industry sees mushrooming demand for talent:** With increasing adoption of digitisation and high requirements for tech-enabled skills, acquiring talent with the right skill sets has become fundamental for recruiters in the auto space. *[The Economic Times]*

**Work offers under rural jobs scheme fall:** A rural household has received just 47 days of work under the Mahatma Gandhi National Rural Employment Scheme (MG-NREGS) so far in the current fiscal year. *[Financial Express]*

**Challenge for EPFO as gap between govt yields and scheme's returns widen:** The EPFO offered 8.75 per cent interest to its subscribers in 2013-14 (FY14). The 10-year government bond yield at the end of FY14 was 8.8 per cent. The government bond yield has since fallen to 6.2 per cent as of FY21. *[Business Standard]*



## Industrial Finance

**NBFCs may see asset quality improve by up to 200 bps going forward: Crisil:** The non-banking finance companies may see an improvement in their bad loans ratio by as much as 150-200 basis points. *[Business Standard]*

**Interest subsidy scheme for exporters extended till March 2024 - RBI:** RBI on Tuesday extended the interest equalisation scheme for pre and post shipment rupee credit for MSME exporters till March 2024 with the objective of boosting outbound shipments. *[The Economic Times]*



## Technology and Innovation

**Flipkart enters strategic alliance with Google Cloud to improve innovation:** Flipkart will make its data platform more efficient by deploying Google Cloud's advanced data analytics and machine learning technologies. *[Business Standard]*

**UPI transactions likely to touch Rs 100 trillion soon - Shaktikanta Das:** Unified Payments Interface (UPI) — the largest retail payment system in the country — has so far processed transactions of over Rs 76 trillion in the current fiscal year (2021-22, or FY22), compared with Rs 41 trillion worth of transactions in 2020-21 (FY21), and is likely to process transactions of Rs 100 trillion. *[Business Standard]*

**Delhi-Meerut rapid rail - NCRTC is using unique technology first time in India:** This technology is being used for the first time in India in the construction of the first Regional Rail of the country. The Precast Track Slab technology produces high-capacity ballastless track slabs that have a longer life cycle and require less maintenance. *[Mint]*

**ToneTag in association with NSDL Payments Bank introduces voice-based UPI digital payment solutions for feature phones:** Sound-based proximity communication and payments service provider ToneTag has introduced a simplified voice based UPI digital payment solutions for feature phones in association with NSDL Payments Bank. *[The Economic Times]*

**Don't have a smartphone? You can still make UPI payments from today:** Crores of feature phone users will soon be able to make digital payments as the Reserve Bank of India (RBI) will launch a UPI-based payment product for products for such handsets today. *[Mint]*

**Microsoft acquires 3 land parcels in Hyderabad, to establish largest data center region in India:** The company has acquired 22-acre in Mekaguda for around Rs 40 crore, 41-acre in Shadnagar for Rs 164 crore and 52-acre in Chandenvelly for Rs 72 crore. *[The Economic Times]*



## Industrial Infrastructure, Clusters and SEZs

**81 high-impact infrastructure projects make it to Gati Shakti list:** Major industrial corridors of National Industrial Corridor Development Corporation (NICDC), key expressways and highways, such as 1,257-km Amritsar-Jamnagar expressway, 1,350-km Delhi-Mumbai expressway, and 210-km Delhi-Saharanpur-Dehradun expressway, and the world's largest broadband project BharatNet will be among the government's priority projects. *[Business Standard]*

**Infra push - Railways to spend Rs 1 trn on developing and procuring assets:** The Ministry of Railways has been allotted Rs 1.40 trillion in the Union Budget 2022-23. This is 27.5 per cent higher than the Budget estimates for this fiscal year, and 16.5 per cent higher than the revised estimates. *[Business Standard]*



## Sustainable Industrialisation

**India can be global hub of green hydrogen, says PM Narendra Modi:** India can become a global hub of green hydrogen as an ample availability of renewable energy gives the country an inherent advantage, Prime Minister Narendra Modi said on Friday. *[Business Standard]*

**NTPC to begin commercial operation of 74 MW capacity at Fatehgarh solar project from midnight:** State-owned NTPC Limited on Friday said it will start commercial operations of 74.88 megawatt capacity (MW) of its 296 MW Fatehgarh solar project in Rajasthan from midnight. *[The Economic Times]*

**China aims to build 450 GW of solar, wind power on Gobi desert:** China had installed 306 GW of solar power capacity and 328 GW wind capacity by the end of 2021. The construction of about 100 GW of solar power capacity is already under way in the desert area. *[The Economic Times]*



## Sectoral News

**Need to identify sectors where India can lead, says PM Narendra Modi:** Prime Minister Narendra Modi said on Tuesday that India's banks and financial institutions need to come up with innovative products and services to support new and emerging opportunities in the economy. [*Business Standard*]

**New spacecom policy will benefit private industry':** As the government readies to greenlight a new policy for the satellite communication sector, as early as April this year, Lt Gen Anil Bhatt, director-general of Indian Space Association (ISpA), believes it will positively impact the industry. [*The Hindu BusinessLine*]

**Supply to power sector at record high, says Coal India:** Coal India's (CIL) on Friday said its supplies to power sector peaked to record high of 493 million tonnes (MTs) on March 3 of the ongoing fiscal breaching the previous high of 491.5 MTs that the coal miner recorded in FY19. [*The Economic Times*]

**Thermal coal exports to be held in 1-2 years - Union coal secretary A K Jain:** The coal secretary said if power demand increases by 6% then our country will become an exporter this year only while if the demand is 13% then India would still become an exporter from the next year. [*The Economic Times*]

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