

Industry Matters

Weekly Updates

May 27, 2022



Economy, Industry and Policy

'Progress by innovation' essential to scale up and speed up development progress with inclusive and sustainable industrial development, said Mr. Gerd Müller, Director-General, UNIDO at ISID Lecture: Mr. Müller was delivering virtual invitational lecture on 'Industrial Strategy for the Post- Pandemic Era,' organized by the Institute for Studies in Industrial Development (ISID), New Delhi, India. Addressing the meeting, Mr. Müller said that progress at scale, and innovation in policies, financing and partnerships are critical to overcoming the intertwined challenges of eradication of hunger and poverty and solving the climate crisis.

India fastest growing economy among G-20 nations - PM Modi at ISB: India is the fastest growing economy among the G-20 nations, besides boasting of several other achievements including in the start-up environment, Prime Minister Narendra Modi said on Thursday. *[Business Standard]*

Government relaxes norms for ministries in bid to push public expenditure: Unspent balances from QEP-2 and QEP-3 may be utilised in QEP-3 and QEP-4 respectively only after formal and prior approval of the Expenditure Secretary has been obtained, it added. *[The Economic Times]*

India considering spending additional \$26 billion to fight inflation - Sources: The Indian government is considering spending an additional Rs 2 lakh crore (\$26 billion) in the 2022/23 fiscal year to cushion consumers from rising prices and fight multi-year high inflation. *[The Economic Times]*

Digital economy is space for future growth and opportunity between India, US - USIBC Prez: Describing the digital economy as a goose that lays golden eggs, the head of the US-India Business Council (USIBC) has called for the creation of structures, regulations and the legal framework to ensure the continued vitality and growth of this key sector in the US and India. *[The Economic Times]*

Buoyant tax receipts to minimise extra borrowing in FY23 - Analysts: The total additional expenditure is seen about Rs 2 trillion on account of higher subsidies on fertilisers, free grains scheme and LPG subsidy for Ujjwala beneficiaries in FY23. *[Financial Express]*

New round of solar PLI to have 3 schemes for different product categories: The total corpus allocated to the second tranche of the PLI scheme is Rs 19,500 crore and of that the highest share of Rs 12,000 crore will go to end-to-end manufacturing of "polysilicon-wafers-cells-modules" (raw material to finished product). *[Business Standard]*

Hindustan Zinc Ltd stake sale on the cards: With the privatisation of BPCL now on the backburner, the sale of the residual stake in Hindustan Zinc Ltd (HZL) is likely to be the largest deal this year for the government in terms of revenue potential. *[Financial Express]*

Govt considering Rs 1 trn extra borrowing to offset fuel-tax cut: India will probably borrow the entire 1 trillion rupees (\$12.9 billion) that the government will forgo as revenues due to a cut in gasoline and diesel levies, according to people familiar with the matter. *[Business Standard]*

Monthly budget up 10% in three months amid rising fuel prices - Survey: A total of 92 per cent of households in a survey have said their monthly household expenses have risen in the last three months, as prices of petrol, diesel, edible oil, household essentials, and other related products and services shot up. *[Business Standard]*

Taxpayers can now claim refund of IGST on ocean freight - Experts on SC judgement: Taxpayers who have paid GST on 'Ocean Freight' on imported goods will be entitled to claim refunds, following the Supreme Court verdict, provided they have not claimed input tax credit, experts said. *[The Economic Times]*



Foreign Investment

In bid to boost investment, PM Narendra Modi proposes 'Japan Week': Modi chaired a roundtable with Japanese business leaders here in which top executives and CEOs of 34 Japanese companies participated. *[Business Standard]*

FDI inflow hits all-time high of USD 83.57 billion in 2021-22: The government on Friday said India recorded the "highest ever" annual foreign direct investment of \$83.57 billion in 2021-22. In 2020-21, the inflows were \$81.97 billion. FDI equity inflows in manufacturing rose 76% in FY22. *[The Economic Times]*

Karnataka gets highest FDI inflow of 53 per cent into software, hardware sector: In a big boost to the state's image, Karnataka received 53 per cent of the total foreign direct investment (FDI) that came into the country in the computer hardware and software sector. The share for the automobile sector was 12%. *[The New Indian Express]*

Investment commitments worth Rs 30,379 crore signed in Davos - Maharashtra govt: The Delegation of ministers and officers from the Maharashtra government, who are in Davos for the World Economic Forum, 2022 in the 10th edition of its Magnetic Maharashtra 2.0 programme, signed 23 MoUs aggregating into investments amounting to USD 4 billion (Rs 30,379 crore). *[Indian Express]*

853 FDI proposals disposed of in 5 years through FIFP: The Foreign Investment Facilitation Portal (FIFP) was developed after the abolition of Foreign Investment Promotion Board (FIPB) in May 2017. *[The Economic Times]*

Looking beyond China, Apple plans ramping up production in India, Southeast Asia: Battered by Beijing's strict anti-COVID measures, Apple Inc has told some of its contract manufacturers that it wants to increase the production outside China, the Wall Street Journal reported. *[The Economic Times]*



Trade Policy and Competitiveness

US' trade initiative promises gains, but challenges remain - Analysts: Nagesh Kumar, director of the Institute for Studies in Industrial Development, said while the IPEF isn't strictly a trade agreement yet, it has the potential of turning into one. "It's good for India to be in this group of countries, especially because it hasn't been a part of the RCEP or any other major grouping." *[Financial Express]*

Will formally launch FTA negotiations with India very soon - EU: India's Commerce Secretary BVR Subrahmanyam in April had said that India and the 27-nation European Union (EU) will restart negotiations for their long-pending free trade agreement in June. *[The Economic Times]*

Govt allows duty-free import of 20 lakh tn per year of crude soyabean, sunflower oil: The duty-free import of 20 lakh MT per year will be applicable for two FYs (2022-23, 2023-24) for crude soyabean oil and crude sunflower oil, the Finance Ministry said in a notification. *[The Economic Times]*

Exports rises 21% to USD 23.7 bn during May 1-21: The country's exports rose by 21.1 per cent to USD 23.7 billion during May 1-21, on account of healthy growth in various sectors, such as petroleum products, engineering, and electronic goods. *[The Economic Times]*

Govt waives import duty on some raw materials for steel industry, export duty on iron ore hiked up to 50%: The government has waived customs duty on the import of some raw materials, including coking coal and ferronickel, used by the steel industry, a move which will lower the cost for the domestic industry and reduce the prices. *[The Economic Times]*

India's exports may rise to \$1 trillion by 2030 - Piyush Goyal: India's exports rose to a record high of \$421.8 billion during the financial year ended March 2022 despite the COVID-19 pandemic and global supply chain disruption and the shipment may surge to \$1 trillion by 2030, Union Minister for Commerce and Industry Piyush Goyal said on Tuesday. *[The Economic Times]*

After United States, Canada bans China's Huawei, ZTE from 5G networks: After the US, Canada has now moved to ban Chinese telecommunication giants Huawei and ZTE from its 5G networks in order to ensure the "long term safety of our telecommunications infrastructure". *[Business Standard]*



Corporate Governance

Paytm forms general insurance JV; to invest Rs 950 cr in 10 years: Digital financial services firm One97 Communications, which operates under Paytm brand, on Saturday said it has formed a joint venture general insurance company in which it has committed to invest Rs 950 crore over a period of 10 years. *[Business Standard]*

Grasim Industries doubles capex to Rs 10,000 crore to set up paints business: Aditya Birla Group firm Grasim Industries on Tuesday said it has doubled the Capex for its foray into the paints business to Rs 10,000 crore and expects to start production from the fourth quarter of 2023-24. *[The Economic Times]*

Samsung to exit low value feature phones business in India: Samsung is planning to exit the high volume but low value feature phone business in India gradually, with the last batch of the devices for the country set to be manufactured by contract manufacturing partner Dixon this December. *[The Economic Times]*

Govt withdraws offer to sell its entire 53% stake in BPCL: The government on Thursday withdrew its offer to sell its entire 53 per cent stake in BPCL, saying that majority of bidders have expressed their inability to participate in the current privatisation process due to prevailing conditions in the global energy market. *[Business Standard]*



MSMEs and Start-ups

What will it take for India with its 6.3 crore MSMEs to be among top global value chains: India's 6.3 crore MSMEs, which account for nearly half of the country's exports, would be among the key components. However, it won't be a smooth ride for the country and its vast MSME base to develop or strengthen its presence in GVCs. *[Financial Express]*

Imported stainless steel is killing Indian MSMEs - Jindal Stainless MD: The government's move to remove import duties on stainless steel has resulted in Chinese and Indonesian companies dumping their products into the Indian market, cornering up to 40% market share, according to Abhyuday Jindal, the managing director of Jindal Stainless Ltd. *[The Economic Times]*

Absolutely imperative for MSMEs to be digitised to pursue new opportunities in post COVID world - Union Minister Rajeev Chandrasekhar: It is absolutely imperative for Micro, Small and Medium Enterprises (MSMEs) to be digitised in order to pursue opportunities presented before the country in the post-COVID world, Union Minister of State for Information Technology Rajeev Chandrasekhar said here on Saturday. *[The Economic Times]*

Zetwerk unveils programme to help hardware startups in robotics, e-mobility: Global manufacturing platform Zetwerk has unveiled 'Zetwerk BUILD' - a programme designed to provide end-to-end supply chain solutions for hardware startups in robotics, consumer products and electric mobility. *[Business Standard]*



Employment and Industrial Relations

Govt to launch Skills India Mission 2.0 to tap global opportunities: As per the India Skills Report 2021, employability of youth has decreased to 45.9% in 2021 from 46.21% in 2020 and 47.38% in 2019, primarily due to loss of skilling in the last two years. *[The Economic Times]*

New employment under EPFO sees 58.7% increase in FY22: Payroll data for the last fiscal shows 58.7% increase in net new employment under the Employees' Provident Fund Organisation in 2021-22, 29.6% surge in new subscribers under the Employees' State Insurance Corporation and 23.4% increase in the number of subscribers under the National Pension Scheme. *[The Economic Times]*

Multiple crises hurt global labour market in Q1 of 2022 - ILO: The global market recovery has deteriorated in the first quarter of 2022 on the back of multiple global crises including the lockdowns in China and the war on Ukraine and has led to rising inequalities within and between countries, the International Labour Organisation said. *[The Economic Times]*

ESIC-run social security scheme adds 1.4 million new members in March: Around 1.4 million new members joined the ESIC-run social security scheme in March 2022 against 1.27 million in the previous month, according to official data released on Wednesday. *[Business Standard]*



Industrial Finance

Japanese lender MUFG Bank to set up a branch in GIFT City, sixth in India: MUFG can support its domestic as well as global clients with an expanded suite of financial services. At present it has presence in Mumbai, Delhi, Bengaluru, Chennai and Neemrana. *[Business Standard]*

PE firm Advent raises \$25 billion global fund; India CEO Shweta Jalan says fund will support local expansion: After the completion of the current fund raise, the global investments of the private equity firm have crossed \$100 billion. *[The Economic Times]*

Overseas loan business of 6 Indian banks up 7-33% in FY22, shows data: The overseas loan book of six Indian banks rose between 7 and 33 per cent in FY22, primarily on an upturn in trade, which pushed the demand for trade finance. *[Business Standard]*

Credit card spend jumps 48% to top Rs 1 trillion in March, shows data: Expenditure in March, at Rs 1.07 trillion, was up 24.5 per cent over February, the data put out by the Reserve Bank of India (RBI) showed. *[Business Standard]*



Technology and Innovation

Govt forms advisory board to achieve \$300-billion electronics manufacturing target by 2026: There are 10 members in the advisory group, led by Amitesh Kumar Sinha, joint secretary, electronics, MeitY. The group also has Pankaj Mohindroo, Chairman, ICEA and top executives from Lava, Samsung, Apple, HP, Dell, Foxconn, Intel and Coconics. *[The Economic Times]*

Indian data centers to see 5-fold capacity growth with up to Rs 1.20 lakh cr investment: The Indian data centres (DC) market is witnessing healthy growth primarily driven by large hyper-scalers like Amazon web services, Google, Microsoft, Facebook, IBM, Uber, Dropbox that are outsourcing their storage needs to third party DC providers. *[The Economic Times]*

Smart Manufacturing Competency Centre launched in Ahmedabad, to make India Industry 4.0 ready: To accelerate the adoption of smart manufacturing solutions in India, the Centre of Excellence -IoT & AI, Meity (Ministry of Electronics and IT) & DST(Depart of Science and Technology), Govt of Gujarat in collaboration with NASSCOM, today inaugurated the world's first 'Smart Manufacturing Competency Centre' (SMCC) in Ahmedabad. *[BusinessToday.In]*

Digital innovation accelerates India's public cloud adoption, says IDC: India's public cloud services market, including infrastructure-as-a-service (IaaS), platform-as-a-service (PaaS) solutions, and software-as-a-service (SaaS), revenue totalled \$4.6 billion for July-December 2021. *[Mint]*



Industrial Infrastructure, Clusters and SEZs

Building infrastructure is a top priority - PM Modi: Prime Minister Narendra Modi on Thursday said the Indian Government is fully focussed on building infrastructure that is top notch and sustainable. *[The Hindu BusinessLine]*

Employment of industrial workers surged from September 2021 to April 2022- CMIE: Employment of industrial workers surged in September 2021 to April 2022 and stood higher than the peak levels before the pandemic on the back of increase in non-construction related industrial activities including manufacturing, mining and utilities. *[The Economic Times]*

Infra projects of ₹500 crore and more to route through PM GatiShakti's NPG: This will help bring down the logistics cost and promote effective and efficient planning of infrastructure projects. *[The Hindu]*

Cost overruns of Rs 4.83 lakh crore impact 425 infra projects: "Total original cost of implementation of the 1,579 projects was Rs 21,95,196.72 crore and their anticipated completion cost is likely to be Rs 26,78,365.62 crore, which reflects overall cost overruns of Rs 4,83,168.90 crore (22.01 per cent of the original cost)," the ministry's latest report for March 2022 said. *[The Economic Times]*



Sustainable Industrialisation

India joins First Movers Coalition to decarbonise carbon-heavy sectors: India has joined the First Movers Coalition, a global initiative aimed at decarbonising the heavy industry and long-distance transport sectors responsible for 30 per cent of global emissions, US Special Presidential Envoy for Climate John Kerry announced on Wednesday. *[Business Standard]*

ReNew Power moots Rs 50,000 crore investment in renewables, battery, green hydrogen units in Karnataka: Delhi-based ReNew Power on Tuesday signed up with Karnataka proposing to invest Rs 50,000 crore in solar, wind and hybrid projects, battery storage and green hydrogen plant over a seven year period. *[The Economic Times]*

India on a path to becoming a global manufacturing hub for Electric Vehicles: As per the data by Ministry of Road Transport & Highways (MoRTH), the number of EVs registered in 2021-22 has grown by 218% from 134,853 in 2020-21 to 429,301 in 2021-22. Two-wheeler and three-wheeled vehicles accounted for about 95% of the total electric vehicles registered in 2021-22. *[The Times of India]*

Global spending on e-cars near to \$280 bn in 2021 - IEA report: Government policies to promote clean mobility globally and consumer awareness of the need to reduce their impact on the environment continued to see robust growth in 2021. As a result, consumer spending on electric cars doubled to reach nearly USD 250 billion, about eight times what was spent five years ago. *[The Economic Times]*



Sectoral News

India's power generation doubles in May on imported coal blending - Data: Power generation per day from coal blending in DCB plants more than doubled from 66 MU to 143 MU while generation from imported coal-based plants rose from 145 MU to 160 MU. *[Business Standard]*

India's coal production up 36% in first half of May; CIL's output rises 34.44%: India's coal production has witnessed a record growth of 36.23 per cent to 33.94 million tonnes in the first half of May 2022. The country's domestic coal production was at 24.91 million tonnes during the same period last year, as per the data released by the Ministry of Coal. *[BusinessToday.In]*

Discoms to mandatorily purchase from ICB plants: The Union ministry of power may invoke Section 11 of the Electricity Act, 2003 to make it mandatory for state-run electricity discoms to buy power produced from imported coal. *[Financial Express]*

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