

# Industry Matters

Weekly Updates

July 08, 2022



## Economy, Industry and Policy

**Capex is the route to economic revival, says FM Nirmala Sitharaman:** The Centre's capex outlay is estimated at Rs 7.5 trillion in FY23. Of that, Rs 1 trillion will go to states as a long-term, interest-free loan for their capex needs, according to the FM. *[Business Standard]*

**Services PMI jumps to 11-year high in June:** Strong demand pushed services sector activities to the highest since April 2011 in June, even as cost pressures remained stubbornly high, according to the seasonally adjusted S&P Global India Services PMI Business Activity Index. *[Financial Express]*

**Weak market, legal challenges hold up key disinvestments:** The government may fail to meet its asset-sales target again as a combination of reasons, including poor market sentiments and legal challenges, has delayed planned disinvestments of state-run companies. *[Mint]*

**Centre earmarks Rs 80,000 crore interest-free loans for states undertaking capital works in FY'23:** To avail the benefit for investments made this fiscal, states will have to submit details like name of the project, capital outlay, completion period and its economic justification to the expenditure department of the Union finance ministry. *[The Economic Times]*

**Govt plans to make GST e-invoicing must for companies with Rs 5-cr turnover:** The move is aimed at digitising higher volumes of transactions, greater transparency in sales reporting, minimising errors and mismatches, automating data entry work, and improving compliance. *[Business Standard]*

**Govt's move to tax fuel export will impact policy change in energy sector:** The imposition of export taxes on fuels, and a usurious cess on domestic crude production will make the government richer by Rs 1 trillion this fiscal, around 0.37 per cent of GDP, according to Nomura. *[Business Standard]*

**Finance Ministry pegs dollar value at Rs 79.90 for computing import duty:** The sharp revision in exchange rates comes in the backdrop of the rupee depreciating by 4.1 per cent against the US dollar during the current financial year so far (up to July 5). *[The Economic Times]*

**Revenue deficit grant of Rs 7,183 cr released to 14 states - FinMin:** The 15th Finance Commission has recommended a total PDRD Grant of Rs 86,201 crore to 14 states for the financial year 2022-23. The grant is released in 12 equated monthly instalments. *[Business Standard]*

**Industry body CII pitches for simplification of GST, reduction in tax slabs:** CII's President Sanjiv Bajaj on Tuesday pitched for the simplification of Goods and Services Tax structure, and suggested that electricity as well as fuel should be brought under the GST ambit as that will help make the industry more competitive. *[Business Standard]*

**Production-linked incentive scheme can add 4% to GDP annually:** The PLI scheme has the potential to add nearly 4 per cent to GDP per annum in terms of incremental revenue if fully realised, the report released on Tuesday said. *[Business Standard]*

**India misses fifth-largest economy in the world tag by \$13 billion:** The Indian economy was slightly smaller than the United Kingdom's (UK's), which deprived the former the rank of the fifth-largest economy in the world in 2021. Experts say it is just a matter of a year before India overtakes the UK. *[Business Standard]*

**June GST Collection - GST collection surges by 56% YoY to Rs 1,44,616 crore in June:** The Goods and Services Tax (GST) revenue for the month of June surged by 56% on an annual basis to nearly Rs 1.45 lakh crore as against Rs 1.4 lakh crore in May, revealed finance minister Nirmala Sitharaman on Friday. *[The Economic Times]*

**India gets \$1.75 bn World Bank loan for health, private investment:** The World Bank has approved loans totaling USD 1.75 billion (about Rs 13,834.54 crore) to fund India's PM Ayushman Bharat scheme and private investment in order to boost the economic growth. *[The Economic Times]*

**India's manufacturing sector activity eases to 9-month low in June:** The seasonally adjusted S&P Global India Manufacturing Purchasing Managers' Index (PMI) fell to 53.9 in June from 54.6 in May, the weakest pace of growth since last September. *[Business Standard]*



## Foreign Investment

**Nod for 80 FDI proposals from China entities:** India has approved 80 Foreign Direct Investment (FDI) proposals involving Chinese entities as on June 29, according to data accessed through Right to Information (RTI). *[The Economic Times]*

**Australia announces commitment of A\$5.8 million for Critical Mineral partnership with India:** Australia hosts vast reserves of critical minerals, such as lithium and cobalt, which are crucial for clean energy technologies such as batteries and electric vehicles, as well as mobile phones and computers. *[The Economic Times]*



## Trade Policy and Competitiveness

**India, the world's sixth biggest economy, feels heat from EM investor exodus:** The government raised import taxes on gold, while increasing levies on exports of gasoline and diesel in an attempt to control a fast-widening current account gap. *[The Economic Times]*

**Gold import volume almost triples in June:** In value term, imports spiked to \$2.61 billion in June from \$969 million a year before, according to the latest commerce ministry data. Sequentially, however, the growth in import eased substantially from the May level when it had surged as much as 789% to \$6 billion. *[Financial Express]*

**RBI takes steps to attract foreign flows, says growth prospects stay strong:** India's foreign exchange reserves have depleted by \$38 billion to below \$600 billion since the Russian invasion of Ukraine late February. *[Business Standard]*

**China's share in India's total imports falls to 15.4 pc in 2021-22:** The share of Chinese imports in the country's total inbound shipments has declined to 15.4 per cent in 2021-22 from 16.5 per cent in 2020-21, sources said on Thursday. *[The Economic Times]*

**Ministerial panel to fast-track FTA plans:** The government is weighing a proposal to set up an inter-ministerial panel comprising senior officials to iron out differences across various ministries and departments on proposals relating to free trade agreements (FTAs). *[Financial Express]*

**Russia launches trade with India via Eastern branch of INSTC involving Central Asian states:** This intermodal transportation includes a sea leg with the end point at the Indian port of Nhava Sheva (Mumbai). Expected transit time - 35-37 days, route length - over 8,000 km. *[The Economic Times]*

**States urged to reform, seize export space being vacated by China:** China figured prominently at the recent chief secretaries' conference with at least three presentations focusing on how India must take advantage of the economic space being vacated by China. *[The Economic Times]*

**Trade deficit jumps to record \$25.63 billion in June:** Official data released on Monday showed that India's merchandise exports in June rose 16.8% on-year to \$37.9 billion, slower than 20.5% in May, while imports rose at a faster 51% to \$63.58 billion. The trade deficit in June 2021 was \$9.61 billion. *[The Economic Times]*

**Commerce Ministry looking to release new FTP before September, says official:** The commerce ministry is working to release the new five-year foreign trade policy (FTP) before September this year and Districts as Export Hubs scheme would be part of that document, which aims at promoting exports and job creation. *[The Economic Times]*

**Deadline for exporters to submit application for pending dues extended:** The last date for exporters to submit online applications to claim their pending dues under export promotion scheme MEIS has been extended till August 31 this year, according to a notification of the commerce ministry. *[The Economic Times]*

**Export duty on steel and petro products to hit corporate earnings in FY23:** The recently announced special tax on the export of steel, iron ore and petroleum products, and a windfall profit tax on crude oil producers are likely to hit the overall corporate earnings during the current financial year. *[Business Standard]*

**With global slowdown fears rising, India expected to focus more on services exports:** The global slowdown has pushed the government to focus on growing services exports, which it aims to reach \$300 billion this year. *[The Economic Times]*



## Corporate Governance

**In a setback for banks, UltraTech drops plan to buy Jaypee Plant:** Aditya Birla group controlled Ultratech Cement has rowed back from its promise to buy a cement plant from the debt laden Jaiprakash Associates Ltd (JAL). *[The Economic Times]*

**RBI gives green signal to HDFC, HDFC Bank merger proposal:** HDFC Bank on Monday said it has got banking sector regulator RBI's nod for the merger proposal of its parent HDFC Ltd with itself. *[Financial Express]*

**Tata Steel completes Rs 12,100 cr acquisition of NINL via step-down arm:** Tata Steel on Monday said that it has completed the acquisition of 93.71 per cent in Neelachal Ispat Nigam Limited (NINL) through its listed step-down subsidiary, Tata Steel Long Products (TSLP). *[Business Standard]*

**Proposed HDFC-Bank merger receives stock exchanges' clearance:** The proposed merger of HDFC Bank and its parent firm HDFC is another step closer to its amalgamation as the proposal has been accepted by stock exchanges National Stock Exchange and Bombay Stock Exchange, while noting that they have "no objection". *[The Economic Times]*



## MSMEs and Start-ups

**Govt taking measures to help MSMEs increase exports - PM Modi:** Prime Minister Narendra Modi on Thursday said his government is taking measures to help small businesses increase exports and is framing new policies that will help the sector realise its potential. *[The Economic Times]*

**Bank credit to micro, small enterprises continues to surge; jumps 27% in May from year-ago - RBI data:** Year-on-year (YoY) growth in gross bank credit deployed to micro and small enterprises (MSEs) saw a significant jump of 27 per cent in May from 19.7 per cent in April, recent data on sectoral deployment of bank credit by the Reserve Bank of India (RBI) showed. *[Financial Express]*

**Gujarat, Karnataka best in developing startup ecosystem:** Gujarat, Meghalaya and Karnataka have emerged as the best performer states in developing startup ecosystem for budding entrepreneurs, the third edition of the States' Startup Ranking 2021 rankings released by the department for promotion of industry and internal trade (DPIIT) on Monday showed. *[The Economic Times]*



## Employment and Industrial Relations

**Jobs for 18-21 age group not so easy to get any more, shows data:** The creation of formal jobs for those in the 18-21 age group in India has declined steadily, sharply eroding this cohort's share of the net new Employees' Provident Fund (EPF) accounts opened over the last four years. *[Business Standard]*

**India sees massive fall in employment in June - CMIE:** CMIE data shows the unemployment rate rose from 7.1% in May to 7.8% in June with rural unemployment rising by 1.4 percentage points to 8% in rural India while the unemployment rate in urban India declined by 0.9 percentage points to 7.3%, which is the lowest unemployment rate in India in 16 months. *[The Economic Times]*

**Green jobs witness 31% surge as organisations focus on sustainability practices - Monster India:** With the revolution of clean energy and sustainable practices across the globe, the demand for green jobs has grown 31% in May 2022, according to new data. *[The Economic Times]*

**White collar job openings dip in June amid slowing tech intake:** India's white collar job market recorded a drop in active vacancies month on month in June due to a slowdown in hiring velocity in the IT industry collective of services, products, internet-enabled sectors, and startups. *[The Economic Times]*

**Labour market recovery still slow - MGNREGS demand up 2.9% in June:** The latest data corroborates with the unemployment data released by the Centre for Monitoring Indian Economy, which showed June unemployment higher at 7.8% compared to 7.12% in May. *[The Economic Times]*



## Industrial Finance

**Credit-deposit growth gap widens to a three-year high of nearly 5%:** According to the latest Reserve Bank of India (RBI) data, credit growth in the system for the fortnight ended June 17 was 13.2 per cent and deposit growth was 8.3 per cent--a gap of 490 basis points. *[Business Standard]*

**HDFC Bank loans rose 21.5% YoY in Q1 to Rs 13.95 trn, deposits up 19.3%:** India's largest private lender HDFC Bank reported a 21.5 per cent year-on-year (YoY) growth in advances to Rs 13.95 trillion in Q1 of FY23. Advances were to the tune of Rs 11.48 trillion on June 30, 2021. *[Business Standard]*



## Technology and Innovation

**India wants to become a chip maker from a chip taker - PM:** Inaugurating the Digital India Week 2022 in Gandhinagar, with the theme 'Catalyzing New India's Techade', Prime Minister Narendra Modi said here on Monday that huge investments are being made to increase production of semiconductors in India. *[Financial Express]*

**India guiding world's fourth industrial revolution, says PM Modi:** India is guiding the "fourth industrial revolution" as government programmes make technology accessible, improve services and encourage startups, said Prime Minister Narendra Modi in Gandhinagar on Monday. *[Business Standard]*

**UPI transactions remain above Rs 10 lakh crore in June for second month in a row - NPCI data:** The transaction value under Unified Payments Interface (or BHIM UPI) digital payments in June 2022 stood at Rs 10,14,384 crore, down by 2.6 per cent from the previous month, the National Payments Corporation of India (NPCI) data showed. *[The Economic Times]*

**Research-linked incentive scheme in works for pharmaceutical industry:** The Centre may announce a Research-linked incentive (RLI) scheme for the Indian pharmaceutical industry to raise contribution to research and development and move up the value chain of innovation, sources close to the development said. *[Business Standard]*

**Rajeev Chandrasekhar meets UK PM; discusses India-UK collaborations in innovation, tech:** Minister of State for IT Rajeev Chandrasekhar met UK Prime Minister Boris Johnson on Friday and discussed future collaborations and partnerships between India and the UK in innovation and technology sectors, according to an official release. *[The Economic Times]*

**India moves to leadership position in large-value digital payment system - RBI report:** India has made significant progress and moved to a leadership position in large-value digital payment systems, though it is still weak in certain parameters relating to ATMs and card payments, a RBI report said on Friday. *[The Economic Times]*

**ONDC to give public access by August, has 150 entities on board yet:** Open Network for Digital Commerce (ONDC), the ambitious programme of the Union government to democratise the fast-growing e-commerce sector, will start opening up its platform for public use by August, said senior officials. *[Business Standard]*

**Tamil Nadu bags IGSS ventures' Rs 25,000 cr semiconductor park:** The group would set up the hi-tech park and a semiconductor fab unit spread across 300 acres at an investment of Rs 25,600 crore over the next five years and the facility is expected create 1,500 direct jobs once it becomes operational. *[The Economic Times]*

**Digital India Week: In 8 years, ₹23 lakh crore transferred to beneficiaries using DBT:** In the past eight years, as much as ₹23 lakh crore has been transferred to the beneficiaries of the government of India's different schemes using digital payment modes under the Direct Benefit Transfer (DBT) mechanism, which has saved about ₹2.3 lakh crore of the country from going into the wrong hands, Prime Minister Narendra Modi said. *[The Hindu BusinessLine]*



## Industrial Infrastructure, Clusters and SEZs

**Govt approves construction of Rs 2,415-cr project to connect Haryana with Jewar airport in UP:** The construction period will be two years and the project will also connect Agra, Mathura and western Uttar Pradesh, the road transport and highways minister added. *[The Economic Times]*

**ACME, Tata Power among 60 firms to sign MoUs worth Rs 1.25 trn with TN govt:** Tamil Nadu secured investments worth Rs 1.44 trillion on Monday by signing of memoranda of understanding (MoU) with 60 companies, laying of foundation stones and inauguration of new projects. *[Business Standard]*

**Finance ministry empanels 12 transaction advisers for assisting in implementation of PPP projects:** Finance Ministry on Friday said the Department of Economic Affairs has empanelled 12 Transaction Advisers (TAs) to provide necessary support to Project Sponsoring Authorities in transactions of Public Private Partnership (PPP) projects. *[The Economic Times]*

**New project investments hint at road to normalcy, touch Rs 3.57 trn in Q1:** The total value of new projects stood at Rs 3.57 trillion for the three months ended June 2022 (Q1 FY23), the data from project tracker Centre for Monitoring Indian Economy showed. *[Business Standard]*



## Sustainable Industrialisation

**India must look at multiple options and not just EVs to curb carbon emissions - Toyota official:** India must look at multiple technology options, including hybrids, to tackle carbon emissions and not just restrict to electric vehicles, a senior company official of Japanese auto major Toyota said on Friday. *[The Economic Times]*

**NTPC arm to develop 10GW renewable energy park in Rajasthan:** NTPC's arm, NTPC Renewable Energy Ltd (NREL), today signed an MoU with the Ashok Gehlot government to develop 10 GW ultra mega renewable energy power parks (UMREPP) in Rajasthan. *[The Economic Times]*

**India explores investment in Australian lithium processing facilities:** India is exploring avenues for jointly investing in advanced processing facilities for Lithium, a key component in electric vehicles (EVs), in Australia, Coal and Mines Minister Pralhad Joshi said on Monday. *[The Hindu BusinessLine]*

**Tata Motors plans to sell half a million cars in FY-23, electric vehicle sales will cross one lakh units - N Chandrasekaran:** The company has plans of expanding the product portfolio to 10 electric vehicles by 2025 and he expects the share of electric vehicles in total sales to rise to 25% in the next five years. *[The Economic Times]*



## Sectoral News

**India's power consumption grows 17.2 pc to 134.13 bn units in June:** Power consumption in the country grew by 17.2 per cent year-on-year to 134.13 billion units (BU) in June, amid severe heat and spurt in economic activities. Power consumption in June last year was recorded at 114.48 BU. *[The Economic Times]*

**PV sales rev up in June as output now in high gear:** Industry estimates showed that around 321,000 passenger vehicles were dispatched from factories to dealerships in June, marking an increase of about 25% from 255,743 units sold in the same period last year. *[The Economic Times]*

**Vedanta Group eyes \$3.5 billion turnover from chip business, one-third from exports:** Vedanta Group expects its semiconductor business turnover to be in the range of USD 3 to 3.5 billion out of which around USD 1 billion will come from exports, a senior official of the company said. *[The Economic Times]*

**FMCG, electronic goods see lower sales in June vs May:** India's fast-moving consumer goods (FMCG) market fell 1% in value while sales of electronic goods such as air-conditioners and refrigerators dipped 25% in June from May, indicating higher prices continue to hurt demand. *[The Economic Times]*

**DoT warns e-commerce companies on illegal sale of wireless jammers:** The Department of Telecom has warned e-commerce platforms against selling some telecom gears like wireless jammers and network boosters that require government permission for sale, an official statement said on Monday. *[Business Standard]*

**June fuel sales top 2019 levels by a wide margin:** Fuel consumption sped past the pre-pandemic levels in June by a wide margin, driven by a surge in domestic tourism, sharp uptick in economic activities and a higher-than-usual seasonal demand from the farm sector owing to a long spell of searing heatwave. *[The Economic Times]*

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