

# Industry Matters

Weekly Updates

August 19, 2022



## Economy, Industry and Policy

**India becoming manufacturing hub - PM Modi:** Lauding the success of production-linked incentive (PLI) scheme, Prime Minister Narendra Modi on Monday said the scheme is giving a boost to the manufacturing, be it electronic goods or mobile phones. *[The New Indian Express]*

**I-Day Special - Looking back at India's journey to being world's 6th biggest economy:** At \$3.17 trillion, Indian economy is ranked behind the United States, China, Japan, Germany and United Kingdom. India has come a long way from its battered state at the time of Independence. The last 75 years have not only brought about structural changes in economy but has also brought it at par with developed economies. *[The Economic Times]*

**Steel Ministry extends PLI scheme application deadline for specialty steel again:** The Union Ministry of Steel on 17 August extended the last date for receipt of applications under the Production Linked Incentive (PLI) Scheme for Specialty Steel again. The deadline to fill application through the online application window is now 15 September, 2022. *[Mint]*

**A global storm of stagflation:** The global economy is suffering from twin shocks of a massive slowdown in growth accompanied by a sharp and unprecedented elevation of inflation (see Table 1). This is the phenomenon of "stagflation", a vice-like grip from which it is not always easy to emerge unscathed. *[Business Line]*

**Retail sector reports healthy over pre-pandemic level growth - RAI:** Retail businesses across India continued to post healthy growth over pre-pandemic levels, registering an 18 per cent rise in July sales compared to the same month in 2019, Retailers Association of India said on Wednesday. *[Business Standard]*

**CPI Inflation Rate July, IIP Growth Rate June 2022: Retail inflation eases to 5-month low of 6.71% in July, IIP grows 12.3% in June:** India's retail inflation, which is measured by the Consumer Price Index (CPI), eased to a 5-month low 6.71 per cent in the month of July, down from 7.01 per cent in June. Separately, India's factory output, measured through the Index of Industrial Production (IIP), witnessed a growth of 12.3 per cent in June, two separate data released by the Ministry of Statistics & Programme Implementation (MoSPI) showed on Friday. *[The Indian Express]*

**75 years of Independence - How India's Union Budget has ballooned 1998440% from 1947 to 2022:** Since 1947, India has had a total of 73 annual budgets, 14 interim budgets and four special budgets with the most recent having an expenditure budget of Rs 39,44,909 crore. This translates to a staggering increase of 1998440%. *[Financial Express]*

**Manufacturing investments rose 20.9% in FY20 before Covid pandemic - ASI report:** Manufacturing sector investments grew 20.9% in 2019-20 over the previous fiscal, the ministry of statistics and programme implementation said in its final Annual Survey of Industries (ASI) released on Wednesday. *[The Economic Times]*

**WPI inflation eases to 13.93 percent in July:** The wholesale-based (WPI) inflation moderated to 13.93 percent in July as against 15.18 percent in June. The number has remained in double digits for the 16th consecutive month. *[The Economic Times]*

**Corporate tax mop-up rises 34% in first 4 mths of FY23:** Corporate tax collections grew 34 per cent during the current financial year till July 31, the Finance Ministry said Friday, without detailing the absolute figures of the revenue collections. *[The Indian Express]*

**Personal income tax drives 40% rise in direct tax mop up:** Overall direct tax collections, net of refunds, comprising corporation tax and personal income tax, grew by 40% in the four months up to July to ₹5 trillion, or about 35% of the full year's target of ₹14.2 trillion. *[Mint]*

**11 States/UTs show higher retail inflation than national average, Telangana continues to record the highest:** Amidst headline retail inflation coming down to a 5 month low in July, 11 States, including big states such as Maharashtra and Gujarat, have recorded higher growth rates than the national number. *[Business Line]*

**India could be the second most important driver of global growth in 2022 after China - Michael D Patra:** The world's third-largest economy in terms of purchasing power parity is going to contribute about 14% of global growth this year, he said, even while the country faces the risk of rising deficit due to higher import bills on the back of global commodity prices. *[The Economic Times]*

**FinMin to consider reviewing exemption-free tax regime to suit the needs of individual taxpayers:** In the longer run, the government wants to do away with the complex old tax regime by establishing a new system, devoid of exemptions and deductions. *[The Economic Times]*

**India at 75 - Here's how much our per capita income has zoomed since 1950:** According to World Bank, India is the sixth largest country in the world by gross domestic product (GDP), with a size of around \$3.17 trillion. Since 1950, the per capita income (PCI) has jumped over 500 times. In 1950, it stood at Rs 265. It increased to Rs 1,28,829 in 2020-21. *[Business Standard]*

**Retail inflation eases to 6.71% in July, stays above RBI's tolerance band:** India's Consumer price-based (CPI) inflation eased to 6.71 percent in July on an annual basis, from 7.01 percent in June, owing to easing food and oil prices. *[The Economic Times]*



## Foreign Investment

**CAIT seeks action against B2B wholesaler Lots Wholesale Solutions for alleged FDI policy violations:** CAIT said Lots, which is reportedly trying to buy business-to-business wholesaler Metro Cash & Carry in India, is operating a B2C business in the garb of cash & carry business violating FEMA and GST laws. The association urged the government for 'immediate action' against Lots. *[Financial Express]*

**FPI buying streak signals more upside for Indian equities, suggests data:** Domestic equity markets reached a 10-day streak of net foreign fund inflows on August 11, which has helped the NSE Nifty50 Index return to positive territory for the year. *[Business Standard]*



## Trade Policy and Competitiveness

**Manufacturing sector to be impacted in FY23 as exports take a hit, says Ind-Ra:** The note said India's average annual merchandise exports during FY16-FY20 were USD 297.02 billion, having peaked at USD 330.08 billion in FY19. The same jumped to the highest-ever USD 421.89 billion in FY22. *[The Economic Times]*

**At \$4.3 bn, imports from Russia jump nearly 7 times in June - Govt data:** India imported goods worth \$4.23 billion in June from sanctions-hit Russia, up 6.8 times as compared to last year, as demand for shipments of crude oil grew at the fastest pace during the month. *[Business Standard]*

**India may settle Cuba trade in Rupees:** Indian trade with Cuba may be settled in rupees or euros in the future, reviving memories of friendly relations that existed between the two nations when the late Fidel Castro ruled the North American nation. *[The Economic Times]*

**Bangladesh PM Sheikh Hasina gives green signal for CEPA with India:** This will be Dhaka's first trade pact with any country, and it has given preference to India despite requests from China and Japan to have free-trade agreements, ET has learnt. Pacts with Japan and China are still at an assessment stage. *[The Economic Times]*

**India july exports - India's exports rise by 2.14% to \$36.27 billion in July:** India's exports rose by 2.14 per cent to USD 36.27 billion in July while the trade deficit almost tripled to USD 30 billion during the month due to over 70 per cent rise in crude oil imports, according to official data released on Friday. *[The Economic Times]*

**Eye on FTAs, Centre turns to GSTN for services trade data mining:** The department of commerce is working with the Goods and Services Tax Network (GSTN) to explore ways to compile sector-wise data on services, thereby making the trade data comprehensive at a time when India is negotiating trade deals with a host of nations. *[Business Standard]*



## Corporate Governance

**July 2022 saw steep decline in M&A deal value as well as PE investments:** The recent month of July 2022 saw sharp decline in M&A deal value as well as PE investments in India at \$ 2 billion, down 85 per cent compared to July 2021. The deal volume declined 7 per cent to 171 in July 2022 on a year-on-year basis, the latest Grant Thornton Bharat deal tracker showed. *[Business Line]*

**Razorpay acquires Ezetap for \$200 mn; forays into offline payments:** Fintech unicorn Razorpay has acquired Ezetap, India's leading offline Point-Of-Sale (POS) company which was founded with the aim of simplifying the in-person offline payments experience. The value of the transaction is around \$200 million. *[Business Standard]*

**KKR to sell entire 26% Max Healthcare stake for Rs 9,416 crore today:** American private equity major KKR and Co will sell up to 26.83 per cent in Max Healthcare Institute for Rs 9,416 crore via block deals on Tuesday. *[Business Standard]*



## MSMEs and Start-ups

**Textile tech scheme of more help than PLI for MSMEs, say Surat units:** Gujarati, who owns a weaving unit in Surat, said the textile PLI scheme introduced last year was aimed at promoting manufacturing of garments and specialty yarns that are not being manufactured in India. *[Financial Express]*

**UP - Yogi govt 2.0 to recast MSME policy to groom women entrepreneurs:** Under the proposed new policy, women entrepreneurs would receive a 100 per cent stamp duty subsidy on the purchase of land for setting up micro and small units. Besides, other MSMEs would receive a 50 to 100 per cent subsidy depending on the region of the state. *[Business Standard]*



## Employment and Industrial Relations

**Rural jobs scheme work generation down 50% in July:** Work generated under the National Rural Employment Guarantee scheme fell to nearly half in July from the prior month, on the back of a pick-up in agricultural and non-agricultural activities that kept labourers engaged and due to weakening of reverse migration. *[The Economic Times]*

**69% of jobs in India under threat of automation - Report:** 69 per cent of Indian jobs are theoretically under the threat of automation by 2040 according to a recent report by a market analytics firm, Forester, on the 'Future of Jobs Forecast' between 2020 and 2040. *[Business Line]*



## Industrial Finance

**1.5% interest subvention on short-term agri loans of up to Rs 3 lakh - Govt:** The Union Cabinet chaired by Prime Minister Narendra Modi on Wednesday approved an interest subvention of 1.5 per cent per annum on short-term agriculture loan up to Rs 3 lakh to ensure "adequate credit flow in the agriculture sector". *[Business Standard]*

**States including UP get nod in July to borrow Rs 42,268 cr:** The Centre allowed a number of states, including Uttar Pradesh, in July to borrow Rs 42,268 crore, taking the total debt limit for all states for the first three quarters of FY23 to Rs 6.14 trillion. *[Financial Express]*



## Technology and Innovation

**Atmanirbhar push - PM Narendra Modi for innovation in defence products:** Prime Minister (PM) Narendra Modi in his Independence Day speech on Monday called upon the private sector to embrace innovation, in order to play a key role in the Atmanirbhar Bharat (self-reliant India) initiative. *[Business Standard]*

**India to become hub for global app innovation, says Google Play executive:** India will have a "critical role" in developing global apps as its start-ups build products that are used widely, said Google Play on Thursday. *[Business Standard]*

**Should India exclude Chinese from the sub-Rs 10K 5G device category?:** How dominant are Chinese firms in India's sub-Rs 10,000 mobile device market? The question has become relevant as the government has been thinking of reserving this price segment for domestic players who have not been able to battle the Chinese onslaught. *[Business Standard]*

**Huge opportunity for business in India's fintech space, says UKIBC:** The UK India Business Council sees opportunities for trade, investment, and collaboration with India across financial technology (fintech), food and beverage, electric vehicle (EV), and other sectors. *[Business Standard]*

**Taiwan makes 75% of all chips used for Indian mobile market - ICEA:** Foundries in Taiwan account for more than 75 per cent of the chips that mobile devices made in India need, according to estimates by the Indian Cellular and Electronics Association (ICEA), which represents global and domestic manufacturers. *[Business Standard]*

**India's chip market revenue may jump to USD 300 billion - IESA:** India's semiconductor component market will see its cumulative revenues climb to USD 300 billion during 2021-2026 as Make in India and Production Linked Incentive schemes will boost local sourcing of semi-components in the coming years. *[The New Indian Express]*



## Industrial Infrastructure, Clusters and SEZs

**Odisha plans to spend Rs 6,367 crore on transport infrastructure:** As per the draft proposal on Medium Term State Infrastructure Expenditure Framework (MIF), an estimated Rs 6,367.34 crore will be spent on the transport infrastructure in the State between 2022-23 and 2026-27. *[The New Indian Express]*

**5G - Industry requires Rs 1.5-2.5 lakh crore capex towards infrastructure:** The telecom industry will need at least Rs 1.5-2.5 lakh crore investment in the next two-three years towards infrastructure development to facilitate meaningful roll out of 5G services given that India's fiber layout is much below the required levels. *[The Economic Times]*

**Highway construction slows to 20.43 km/day during Apr-Jul - MoRTH:** The ministry has constructed 2,493 km of National Highways up to July in 2022-23, as compared to 2,927 km constructed up to July 2021-22," the Ministry of Road Transport and Highways (MoRTH) said in its monthly summary for the Cabinet for July 2022. *[The Economic Times]*

**Commerce ministry suggests host of incentives to revamp SEZs:** The expected incentives could include deferral of import duties and exemption from export taxes, which could pave the path for revamping Special Economic Zones, through a new legislation. *[The Economic Times]*

**Independence Day - AAI commits to growth of airports infrastructure in India:** The Airports Authority of India celebrated 76th Independence Day with patriotic fervour and zeal and expressed its commitment to the growth of airport infrastructure in the country. *[Business Standard]*



## Sustainable Industrialisation

**IMD, Japan and UNDP join to expedite climate action in 10 States, UTs:** India Meteorological Department (IMD), the government of Japan, and the United Nations Development Programme (UNDP) have announced a new initiative to accelerate climate action in 10 States and Union Territories across the country. *[Business Line]*

**India to miss renewable energy goal, officials, experts say:** India will miss its renewable energy target for the end of the year, with expert saying "multiple challenges" including a lack of financial help and taxes on imported components are stalling the clean energy industry. *[The Economic Times]*

**The flip side of climate change? Likely to boost solar, wind energy potential of Kerala, TN, says study:** A study carried out by the researchers of the Indian Institute of Tropical Meteorology (IITM), Pune, has revealed that global warming will change the climate of Kerala and Tamil Nadu compared to other Indian states. It will increase the solar and wind energy potential of these states. *[The New Indian Express]*

**India's self-reliance ambition in energy sector faces rising import hurdle:** The essence of Prime Minister Narendra Modi's Independence Day speech was that of Aatmanirbhar Bharat (self-reliant India), and the energy sector was its key focus. Evoking domestic manufacturers, the PM called for a decrease in imports in the country's energy sector. *[Business Standard]*



## Sectoral News

**Electric vehicles get a push from PM:** As the share of electric vehicles on Indian roads continue to surge, Prime Minister Modi, during his speech on the 76th Independence Day, underlined the country's need to become "Aatmanirbhar" (self-reliant) in its energy sector. *[Financial Express]*

**Aim is to make India a net defence exporter, says Rajnath Singh:** By the end of this decade, India will not only make defence equipment for itself, but also fulfil the needs of friendly foreign countries. 'Make in India, Make for the World' is the new mantra of our Department of Defence Production. *[Mint]*

**LIC keen to re-enter mediclaim segment, awaiting regulatory clarity - Chairman:** Insurance behemoth Life Insurance Corporation (LIC) is keen to re-enter the mediclaim segment as and when the regulator provides clarity on the issue, its chairman has said. *[The Economic Times]*

**Electronic, car companies hit top gear to step up festive output:** Companies manufacturing cars, smartphones, televisions, refrigerators and washing machines are ramping up festive season production by up to 50% compared with the corresponding period a year ago, anticipating robust sales and buoyed consumer sentiment in the next three-four months. *[The Economic Times]*

**Now, a policy for more incentives in UP's defence output sector:** The Uttar Pradesh cabinet on Tuesday approved the Uttar Pradesh Defence and Aerospace Unit and Employment Promotion Policy-2022, making the existing one more flexible and lucrative, providing higher incentives to investors setting up their units in the defence and aerospace manufacturing sector in the state. *[Hindustan Times]*

**Passenger vehicle dispatches rise 11% in July as semiconductor supply improves:** The passenger vehicle dispatches to dealers increased by 11 per cent in July as improvement in semiconductor supplies helped the companies to ramp up production ahead of the festive season, SIAM, the auto dealers' body said on Friday. *[The Economic Times]*

**ISID** Institute for Studies in Industrial Development  
An institution of Indian Council of Social Science Research (Ministry of Education)  
4 Vasant Kunj Institutional Area, New Delhi - 110070, India



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**Team Members:** Satyaki Roy, Swati Verma, Sangeeta Ghosh, B. Dhanunjai Kumar, Amitava Dey & Rakesh Gupta.  
Compiled by: Rakesh Gupta. Edited by Sangeeta Ghosh.

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