

# Industry Matters

Weekly Updates

July 23, 2021

## Economy, Industry and Policy

**Wide-ranging reforms make India attractive destination for investment - FM Nirmala Sitharaman:** India's continuous wide-ranging reforms make the country an attractive destination for foreign investments, Finance Minister Nirmala Sitharaman said on Friday while addressing executives of top US companies. *(The Economic Times)*

**Over 17,200 new companies set up in India in April-June 2021:** More than 17,200 new companies were set up in the country during April to June this year while a total of 13.7 lakh companies were active at the end of June, according to official data. *(The Economic Times)*

**India takes up high oil prices with OPEC, producers:** "The Government has been taking up the issue, bilaterally with crude oil-producing countries as well as with the Organization of Petroleum Exporting Countries (OPEC) for affordable crude prices for consuming countries like India," Teli said in a written reply to a question in the Lok Sabha. *(The Economic Times)*

**RBI must sacrifice inflation aim to aid growth - Ex-Guv Rangarajan:** India's monetary policy makers need to support economic growth even at the cost of their inflation-fighting credentials, as tackling the pandemic situation requires extraordinary measures, a former central bank governor said. *(Business Standard)*

**E-commerce rules - The pushback begins:** E-commerce companies and industry associations gave their recommendations to the government, calling for several changes to the proposed Consumer Protection (e-commerce) Rules, 2020. The entities said the new rules would be a major deterrent for the industry. In addition, they will lead to roadblocks for several small and medium enterprises (SMEs) trying to sell online as they recover from the impact of the pandemic. *(Mint)*

**Statistics system politicised, government must reduce control over it - Pronab Sen:** India's first chief statistician Pronab Sen on Friday said that there is a need for the government to decrease the control over the statistical system as statistics today has been politicised otherwise the country will not get the data it needs or not get it in time. *(The Economic Times)*

**Identify & resolve binding constraints to competitiveness in a time bound manner:** Dr Nagesh Kumar, Director, Institute for Studies in Industrial Development, emphasised on the need for India to join Regional Comprehensive Economic Partnership (RCEP). This would lead to efficient structuring of industries, including adoption of economies of scale and scope, and enhancing competitiveness. *(Knowledge and News Network)*

## Foreign Investments

**India's strong fundamentals, market size will continue to attract foreign investments - FM Nirmala Sitharaman:** Finance Minister said FDI inflows into India rose by 25.4 per cent to reach USD 64 billion in 2020, from USD 51 billion in 2019, becoming fifth largest recipient in the world in 2020, up from eighth position it held in the previous year. *(The Economic Times)*

**India Inc's overseas direct investment in June doubles at \$2.8 billion:** India Inc had invested USD 1.39 billion in overseas ventures in the year-ago month. However, on a month-on-month basis, the investment was lower by over 58 per cent from USD 6.71 billion in May 2021, as per the RBI data on outward investments by Indian firms. *(The Economic Times)*

**Mature Indian investors scaling up exposure in ETFs in US markets:** Indian investors, especially millennials, are increasingly scaling up their participation in the US markets for portfolio diversification, the UK-headquartered financial services firm Winvesta has said in its latest report. *(Business Standard)*

## Trade Policy and Competitiveness

**Commerce Ministry seeks stakeholders' suggestions for next foreign trade policy:** The commerce ministry on Friday sought suggestions from stakeholders, including industry and trade associations, for the formulation of the next foreign trade policy (FTP 2021-26). The FTP provides guidelines for enhancing exports to push economic growth and create jobs. *(The Economic Times)*

**Exports see nearly 50% jump to \$33 bn in June; trade deficit at \$9.37 bn:** Exports in June last year stood at \$22 billion and \$25 billion in June 2019. In May 2021, outward shipments were worth \$32.27 billion and \$31 billion in April this year, the data released by the Commerce Ministry on Thursday showed. *(Business Standard)*

**Engineering exports rise 52.4% in June:** Indian engineering exports continued on the high growth track in June 2021 posting a rise of 52.4 per cent (year-on-year) to \$8.9 billion with increase in shipments of panels of copper, aluminium, steel, zinc and tin. *(The Hindu BusinessLine)*

**Automobile exports reached 23.6 billion dollar in first half, highest in 7 years:** The Ministry of Trade, Industry and Energy (MOTIE) announced on the 15th that the automobile exports in the first half of this year increased by 49.9 per cent year-on-year to 23.61 billion dollars. This is the highest exports performance since the first half of 2014 (25.23 billion dollars). *(The Economic Times)*

**What explains China's sizeable presence in India's import basket:** India's merchandise imports from China more than doubled to \$6.51 billion in April over the same period a year earlier. *(Business Standard)*

**Switzerland accounts for half of India's gold imports in FY21:** Swiss gold accounted for almost half of India's imports of the yellow metal, at \$16.3 billion, in 2020-21. India imported gold worth \$34.6 billion last fiscal against \$28.2 billion in the previous year despite the raging Covid-19 pandemic. *(The Economic Times)*

## Corporate Sector

**Bigger firms scoop up more market share during Covid-19 pandemic:** Top companies have grabbed a bigger pie of their sectors in the pandemic period, leading to a further rise in market concentration in many industries as measured by the Herfindahl-Hirschman Index (HHI). *(Business Standard)*

**Byju's acquires US edtech firm Epic in \$500-million deal:** Education technology leader Byju's has acquired US-based kids learning platform Epic in a \$500-million cash-and-stock deal. *(The Economic Times)*

**Govt invites bids from merchant bankers, legal advisors for LIC IPO:** Kickstarting the process for LIC disinvestment, the government has invited bids from merchant bankers and legal advisors for advising it on the proposed mega initial public offer. *(Business Standard)*

**RIL's big retail push - A dozen buys worth \$4.2 billion in 2 years:** Mukesh Ambani's Reliance group has struck acquisition deals worth \$4.2 billion with a dozen companies in just two years to expand its retail business. The latest purchase was of a majority stake in Justdial last week for Rs 3,497 crore. *(Business Standard)*

**Google builds on India bet, set to buy 2-year-old start-up simsim:** Google-owned YouTube, an online video sharing and social media platform, is set to acquire social commerce media start-up simsim, betting on the emerging opportunity in the segment in India. The financial details of the deal were not disclosed. simsim was founded in June 2019. *(Business Standard)*

## MSMEs and Start-ups

**UP MSME Minister - Planning to set up a micro-industry cluster in every district:** To boost industrialisation in the state, UP Minister for Micro, Small and Medium Enterprises (MSME) Sidharth Nath Singh said, they are starting a new initiative called 'Micro Village' conceptualised around the vision of Gram Swaraj to make every village an independent, self-reliant entity. *(Financial Express)*

**Reigniting Indian MSMEs for inclusive, sustainable recovery and growth:** The pandemic has highlighted the need to change workplaces and procedures to work together productively in safe and hygienic manners. Manufacturing units have the option to turn this necessity into a new opportunity for recovery, rejuvenation, and growth based on the principles and practices of manufacturing excellence, starting with cleaning out factories and workshops — Swachh Udyog. UNIDO approaches this from three angles. *(The Daily Guardian)*

### **ECLGS - 60% of revised Rs 4.5 lakh cr scheme limit sanctioned in MSME loans; this much amount disbursed:**

Emergency Credit Line Guarantee Scheme (ECLGS), which was launched in May 2020 as part of the Atmanirbhar Bharat campaign to address the liquidity crisis of Covid-hit existing MSME borrowers, has enabled sanctioning 60.6 per cent of the Rs 4.5 lakh crore scheme limit. *(Financial Express)*

**Relief to small companies - Relaxations in compliance with accounting standards:** The government, in continuation of its theme as regards ease of doing business, has increased the limits for classification as Small & Medium Sized (SMC) companies. The objective is to reduce the compliance burden and the time required to prepare the financial statements. *(The Economic Times)*

**104 startups registered on Startup India Showcase platform - Commerce ministry:** As many as 104 startups from different sectors have been registered on the Startup India Showcase platform, where most promising budding startups, chosen through various programmes, are exhibited in the form of virtual profiles, an official statement said on Monday. *(Financial Express)*

## **Employment and Industrial Relations**

**Hiring activity witnesses uptick in June for most sectors - Report:** Hiring activity improved in June, suggesting a recovery for the non-tech sectors as well, based on newly added job listings during the month, according to a report by job site SCIKEY Market Network. *(The Economic Times)*

**Post-Brexit, India records highest growth for UK job clicks:** With Brexit creating a level playing field for European Union (EU) and non-EU nations in terms of immigration, leading global online job site Indeed has seen India post the highest jump in terms of searches and clicks for jobs in the United Kingdom (UK). *(Business Standard)*

## **Industrial Finance**

**Reduction in NPAs for PSBs due to write-offs at Rs 1,31,894 cr in FY21:** Reduction in non-performing assets (NPAs) due to write-offs for public sector banks (PSBs) stood at Rs 1,31,894 crore during fiscal 2020-21, in FY2019-20, the number stood at Rs 1,75,877 crore, the RBI said in the RTI reply. *(The Economic Times)*

**NCGC issues guidelines for Rs 50,000-cr scheme for medical infra:** The loans under the Loan Guarantee Scheme for Covid Affected Sectors (LGSCAS) would be available at a concessional rate of not more than 7.95 per cent, as was announced by the financial minister and later approved by the Union Cabinet. *(Business Standard)*

## **Technology and Innovation**

**Flush with unicorns, India's tech moment to overtake China arrives:** Indian entrepreneurs have been quietly building startups for a decade now, the country's internet infrastructure has vastly improved in that time and there's a very good appetite for tech stocks globally," said Hans Tung, the Silicon Valley-based managing partner of GGV Capital, which manages \$9.2 billion in assets. "Investors are beginning to see the huge upside and they expect India to be a China. *(Business Standard)*

**India among countries most vulnerable, least prepared for automation in APAC:** Indian businesses rank fifth among 12 Asia Pacific (APAC) nations for risk of automation and ninth for level of preparedness, a study by Deloitte and global software firm Autodesk showed. India has a greater likelihood of being impacted from automation due to larger employment shares in agriculture, manufacturing and construction, it added. *(The Economic Times)*

**Online sales of retailers like Reliance Retail, Dmart surge 2-9 times during pandemic:** India's largest brick-and-mortar retailers such as Reliance Retail, Dmart, Croma, Aditya Birla Fashion & Retail, and Spencer's Retail grew their online sales by 2-9 times during the pandemic year in 2020-21 driven by more consumers opting to click and buy when several of their stores either remained shut or operations limited for few months due to Covid-19 restrictions. *(The Economic Times)*

**Intel lands 5G network deal with Airtel, move will help telco accelerate rollout:** Bharti Airtel Wednesday said it is collaborating with American chipmaker Intel for working towards 5G network development by leveraging Virtualized Radio Access Network (vRAN) and O-RAN technologies. This is Intel's second 5G-related partnership in India. It recently joined hands with Reliance Jio to help the telco with its 5G network development, including in the areas of 5G radio, core, cloud, edge, and artificial intelligence. *(The Economic Times)*

**Blackstone's \$250 mn to make Simplilearn world's top digital skills co - CEO:** Private equity giant Blackstone is investing \$250 million in edtech startup Simplilearn. Blackstone said that private equity funds managed by it have entered into a definitive agreement to acquire a controlling stake in Simplilearn Solutions Pvt Ltd, a leading online learning 'bootcamp' based in India offering digital skills training and courses to working professionals all over the world. *(Business Standard)*

**Microsoft in talks with Telangana to set up Rs 15,000-crore data centre:** US tech giant Microsoft is in the final stages of talks with the Telangana government to set up a data centre with a total investment of Rs 15,000 crore. *(Business Standard)*

## Industrial Infrastructure, Clusters and SEZs

**Centre likely to receive 30% more from infrastructure asset sale:** Now that almost 10 infrastructure ministries have submitted a fresh list of their core infrastructure assets, the government has realised it stands to make much more money from asset monetisation than previously thought. *(Business Standard)*

**Higher competition in road sector can impact quality - India Ratings and Research:** Higher competition in the road sector could impact the building quality, said India Ratings and Research (Ind-Ra). *(The Economic Times)*

**Tata Power ties up with HPCL to set up EV charging stations:** Tata Power on Friday announced that it has signed an agreement with Hindustan Petroleum Corporation (HPCL) to provide end-to-end EV charging stations at HPCL's retail outlets (petrol pumps) in multiple cities and major highways across the country. *(Business Standard)*

**Adani Group rejigs top leadership at MIAL and AAHL:** Adani Group has also won competitive bids to operate airports at cities like Jaipur, Ahmedabad, Guwahati, Lucknow, Mangalore and Thiruvananthapuram. *(Mint)*

**Plans afoot to raise Rs 70,000 crore from asset monetisation of power PSUs over 5 years:** The government plans to mop up nearly ₹70,000 crore through monetisation of assets of state-owned power companies including Power Grid, NTPC and REC in the next five years, and half the proceeds may go into strengthening state transmission and distribution infrastructure. *(The Economic Times)*

## Sustainable Industrialisation

**Green energy will drive new capacity at IOC - Shrikant Madhav Vaidya, Chairman:** We are investing in solar and wind energy in a big way. We have a 75MW operational wind energy project in Rajasthan. We are bidding for 250MW solar capacity. *(The Economic Times)*

**The many paths to a greener future:** Researchers and policymakers are exploring various pathways for Indian carbon emissions over time. These pathways range from Business-As-Usual (BAU) to Low-Carbon to Net-Zero. *(Business Standard)*

**PLI boost spurs solar manufacturers to look at new schemes for growth:** The manufacturing ecosystem for the renewable energy sector has seen multiple changes to the import duty regime for solar cells and modules. *(Business Standard)*

## Sectoral News

**Record prices inject life into steel industry; India set to boost capacity:** There's rarely been a better time to be in the steel business. Prices have boomed worldwide this year, smashing record after record. Roaring industrial demand is propelling those rallies, with plants straining to boost supply after lying dormant during the pandemic. On top of that, powerhouses China and Russia are trying to limit exports to help other industries at home. *(The Economic Times)*

**Steel companies for easing GST burden on scrap metal used as input:** After increased scrutiny by GST authorities, steel companies that use scrap metal as input have suggested removal of tax on sale of the raw material between dealers and imposition of the levy on its sale to manufacturers under reverse charge mechanism. *(The Economic Times)*

**Oil Ministry authorises new companies to sell auto fuels in the country:** The Ministry of Petroleum and Natural Gas has granted seven authorisations to companies for selling auto fuels in the country. These new approvals are under the relaxed guidelines for authorization to market transportation fuels that were revised in 2019. *(Business Standard)*