

# Industry Matters

Weekly Updates

August 20, 2021

## Economy, Industry and Policy

**'Gati Shakti' master plan to give Rs 100-trillion infrastructure boost:** Prime Minister Narendra Modi promised a slew of initiatives in his Independence Day speech on Sunday, including the Rs 100-trillion Pradhan Mantri Gati Shakti Bharat Master Plan for integrated infrastructure growth. (*Business Standard*)

**Economy gaining traction with pick-up in mfg - RBI:** The economy is gaining traction with gradual pick up in manufacturing activity and moderation in contraction of services, spurred by comfortable liquidity conditions, an RBI article on Tuesday said. (*The Economic Times*)

**Business activity last week higher than pre-COVID level for first time - Report:** The Nomura India Business Resumption Index (NIBRI), which measures the activity on a weekly basis with the pre-pandemic levels being the base, rose to 101.2 for the week ended August 15, from 99.6 last week. (*The Economic Times*)

**No capex cut, to respond to challenges- FM Nirmala Sitharaman:** Finance minister Nirmala Sitharaman on Monday made it clear that the government won't trim capital expenditure from the budgeted level even towards the end of the fiscal, as was customary earlier, as it banks on spending having high multiplier effect to reverse a Covid-induced slump in growth. (*Financial Express*)

**Special steel PLI scheme to help India enter high-quality value chain:** The production-linked incentive (PLI) scheme for 'specialty steel' is a nudge to the steel industry to move towards Aatmanirbhar Bharat. GoI has laid stress on creating a new India by strengthening the manufacturing sector and becoming self-reliant. (*The Economic Times*)

**Pandemic hits India's prospects to become \$5 trn economy by FY25 - Economist:** It is highly unlikely that India will become a USD 5 trillion economy by 2024-25 due to the slowdown caused by the COVID-19 pandemic, University of Massachusetts professor Vamsi Vakulabharanam has said. (*Business Standard*)

## Foreign Investments

**Reading down retro tax law gives govt opportunity to renew BIPA:** With Parliament putting the ghost of retrospective tax to rest on August 9, India can now bring out the 70-odd Bilateral Investment Promotion and Protection Agreements (BIPA), mothballed since 2017, for renewal. Several law firms representing interests of companies abroad hope this will happen soon. (*Business Standard*)

**FPIs invest ₹2,085 cr in Indian equities in first half of August:** Foreign portfolio investors (FPIs) bought Indian equities worth ₹2,085 crore in the first half of August owing to improvement in economic activity. (*Mint*)

**Pandemic has IFC pumping \$1.7 billion into local companies, up 51%:** The pandemic has led to the International Finance Corporation massively ramping up its impact investment in the country - its largest client nation globally - at USD 1.7 billion as of June, a 51 per cent rise over the past 12 months, the largest developmental lender into third world private sector said on Tuesday. (*Business Standard*)

**Govt woos US investors to explore opportunities in power, renewable energy sector:** Union minister R K Singh interacted with investors from the US and invited them to explore investment opportunities in the renewable energy and power sector in India. (*The Economic Times*)

**QSR scene hots up as foreign chains chart out India plans:** Gloria Jeans Coffee plans to re-enter India by opening outlets in the coming months, years after it had exited the country. (*The Economic Times*)

**HCL Technologies has signed five year deal with German chemical firm Wacker Chemie AG:** The country's third-largest software services firm HCL Technologies (HCL) has signed a deal with Wacker Chemie AG, a German multinational chemical company. *(The Economic Times)*

## Trade Policy and Competitiveness

**Govt announces RoDTEP rates for exporters; outlay Rs 12,454 cr in FY22:** The government on Tuesday announced the much-awaited guidelines and tax refund rates for the export boosting scheme Remission of Duties and Taxes on Export Products (RoDTEP) for 8,555 export items. *(Business Standard)*

**Forex reserves rise by USD 889 mn to lifetime high of USD 621.464 bn:** The country's foreign exchange reserves increased by USD 889 million to a lifetime high of USD 621.464 billion in the week ended August 6, 2021, RBI data showed on Friday. In the previous week ended July 30, 2021, the reserves had surged by USD 9.427 billion to reach USD 620.576 billion. *(Financial Express)*

**Exporters likely to move CCI on 'cartelisation' in shipping industry:** Baffled by the increase in logistical costs and short supply of containers, which are making business uncompetitive, a group of exporters are gearing up to approach the Competition Commission of India (CCI) to ask it to look into possible "cartelisation" by shipping lines. *(Business Standard)*

**Govt notifies extension of RoSCTL scheme for textile exporters:** The government on Friday notified the RoSCTL scheme for textiles exporters and said the duty credit scrips under this support measure would be issued without insisting on realisation of the export proceeds. *(The Economic Times)*

**Apparel exports to major markets increasing at healthy pace – AEPC:** Apparel exports to major markets such as the US, Europe, UK, Saudi Arabia, Canada, Japan, and Australia are recording healthy growth and the sector would contribute significantly in achieving India's USD 400 billion exports target for the current fiscal year. *(The Economic Times)*

**Tyre industry body ATMA urges govt to allow duty-free import of natural rubber:** Automotive Tyre Manufacturers Association (ATMA) on Monday asked the government to allow duty-free import of natural rubber as shortage of the commodity in India has become a major deterrent for the tyre industry to support domestic manufacturing. *(The Economic Times)*

**Modi govt likely to withdraw sugar export subsidies from new season:** India is expected to withdraw sugar export subsidies from the new season beginning October as a sharp rise in global prices makes it easier for Indian mills to sell the sweetener on the world market, a top government official said on Tuesday. *(Mint)*

**Shifting from imports, India now exporting mobile phones worth \$3 bn – PM:** India used to import mobile phones worth USD 8 billion seven years ago and now the country is exporting such devices worth USD 3 billion while reducing imports significantly, Prime Minister Narendra Modi said on Sunday. *(Business Standard)*

## Corporate Sector

**\$86 bn of takeovers, but big oil's merger mania has an eye on its demise:** So far there's been \$86 billion of takeovers announced, pending or completed, according to data compiled by Bloomberg. If things continue at those rates through December, it will be one of the most lackluster years for energy deal-making in two decades. *(Business Standard)*

**Tata Steel outlays Rs 3,000-crore capex for Europe biz, not looking for buyer now:** Tata Steel has outlaid a capital expenditure of Rs 3,000 crore for its European operations as its focus is to make the business "stronger", the company's CEO and Managing Director T V Narendran said. *(The Economic Times)*

**Despite India's poor track record, Tata takes a gamble on semiconductors:** Tata group Chairman N Chandrasekaran created a stir when he announced that the salt-to-automobiles conglomerate may enter the semiconductor business. *(Business Standard)*

**HSBC to acquire Axa's Singapore insurance assets for \$575 million:** HSBC said on Monday it had agreed to acquire Axa's insurance assets in Singapore for \$575 million as it scales up its insurance and wealth business. *(The Economic Times)*

**HCL Foundation launches 'My e-Haat' portal to empower artisans:** HCL Foundation, the corporate social responsibility arm of HCL Technologies, on Sunday launched an online portal, 'My e-Haat', to empower artisans and strengthen the value chain of the handicraft sector in the country. *(The Economic Times)*

## MSMEs and Start-ups

**Valuation of Indian unicorns to rise manifold amid pandemic – Experts:** With the coronavirus pandemic accelerating the adoption of technology and online services, Indian unicorn and soonicorn companies are witnessing multi-fold increase in their valuations in various funding rounds the past several months. *(Business Standard)*

**Govt to increase support to startups; scale up incubators - IT minister Ashwini Vaishnaw:** Vaishnaw, who has himself been an entrepreneur, said that the most difficult phase which is the initial risk phase for startups is where we need the government support because maybe at that time angel investors are not funding the venture. *(The Economic Times)*

**Start-ups should emerge in Tier II, Tier III cities - Piyush Goyal:** Commerce and Industry Minister Piyush Goyal has said that new start-ups should emerge across India, especially in Tier II and Tier III cities, to catalyse employment generation, and strengthen forward and backward linkages. *(The Hindu BusinessLine)*

**PFRDA chief wants a fix on startup valuations before using pension money to fund them:** The pension regulator on Tuesday said the issue of valuations needs to be addressed before pension money can flow into startups. *(The Economic Times)*

**Only 47% of young entrepreneurs, startups confident of sustaining beyond six months:** A United Nations survey found that only 47% of young entrepreneurs and startups were confident of sustaining beyond six months, as they were hit by disruptions caused by the Covid-19 pandemic, while 25% did not see themselves lasting beyond one to six months. *(The Economic Times)*

**PSU banks report fourfold jump in MSME slippages in Q1:** The fresh slippages of all public sector banks jumped more than four times to Rs 53,914 crore in Q1FY22 from Rs 13,188 crore in Q1FY21. SBI, PNB, Union Bank of India, Bank of Baroda and Canara Bank accounted for 75 per cent of the total slippages in the April-June quarter. *(The Economic Times)*

## Employment and Industrial Relations

**Govt likely to hike rural job scheme spend by ₹25,000 crore:** The government is likely to enhance annual expenditure under the rural employment guarantee scheme by over ₹25,000 crore as the outgo has exceeded 70% of the budgeted allocation in the first four and a half months of the fiscal year. *(The Economic Times)*

**Covid impact - Six listed retailers let go of 13,600 employees in FY21:** Half a dozen listed lifestyle retailers let go more than 13,600 employees last fiscal as they shut unviable stores and cut costs amid declining sales and low demand for discretionary products in the wake of Covid-19 pandemic and lockdowns. *(The Economic Times)*

**Hiring finally pays a visit to travel industry:** India's travel and tourism industry is seeing a revival of hiring by some firms after millions of job losses and huge revenue erosion over the past 15 months amid the Covid-19 pandemic. Following a pickup in leisure as well as business travel in the past six to eight weeks, travel platforms such as Makemytrip, Cleartrip, EaseMyTrip and ixigo are recruiting talent across functions, said industry executives. *(The Economic Times)*

## Industrial Finance

**Robust corporate framework can build far resilient financial systems - RBI deputy governor MK Jain:** Indian banks need to be vigilant, strong and agile in the rapidly changing business environment so that they can identify risks and absorb shocks, MK Jain, deputy governor of the Reserve Bank of India said on Friday while addressing an audience at the India International Centre. *(The Economic Times)*

**India may infuse more capital in 3 general insurers before listing:** The government may infuse more capital in three loss-making, state-owned general insurers to help them meet regulatory requirements and prepare them for listing and privatisation. *(The Economic Times)*

## Technology and Innovation

**Goyal announces 80% fee cut for all recognised education institutions applying for patents:** Commerce and industry minister Piyush Goyal on Tuesday announced an 80% fee reduction to all recognized educational institutions applying for patents, whether in India or abroad. *(The Economic Times)*

**From Amazon to Zomato, a big crowd at RBI doors for payment aggregator licence:** At least 30 firms are learnt to have submitted their proposals, sources said, indicating that the number of applicants could increase before the September 30 deadline for existing and new non-bank firms to apply. *(The Economic Times)*

**Value e-commerce in India to touch \$40 billion by 2030 - Report:** The value e-commerce market in India is expected to touch \$40 billion by 2030, up from \$4 billion in 2019, driven by a rapid increase in internet user base and as more people embrace online shopping, a report by Kearney said. *(The Hindu)*

**ONDC to end e-commerce monopolistic practices, ensure data privacy - Piyush Goyal:** Commerce & Industry minister Piyush Goyal on Friday said the proposed Open Network for Digital Commerce (ONDC) will end monopolistic practices in digital commerce in India and insisted on ensuring security, and data privacy and confidentiality. *(The Economic Times)*

## Industrial Infrastructure, Clusters and SEZs

**Punjab industry looks to Uttar Pradesh with nearly 150 new units:** Industrialists from Punjab are looking to set up nearly 150 new units in Uttar Pradesh after the neighbouring state wooed them with incentives at a meeting last month. Traders from the industrial hub of Ludhiana met Uttar Pradesh Chief Minister Yogi Adityanath following an invitation from him to set up manufacturing units in the state. *(Business Standard)*

**New airports being constructed in India at unprecedented speed - PM Modi:** The speed with which new airports are being constructed and the UDAN scheme is covering the far-flung areas of the country is unprecedented, Prime Minister Narendra Modi said in his Independence Day speech on Sunday. *(The Economic Times)*

**Centre's power reforms tied in knots amid protests by Opposition states:** As the Centre pushes reforms in the power sector, especially for the beleaguered electricity distribution segment, several states, especially those ruled by Opposition parties, are clamouring against it. *(Business Standard)*

## Sustainable Industrialisation

**Modi sets 2047 target for becoming 'energy independent':** Prime Minister Narendra Modi on Sunday set a target of becoming 'energy independent' by 2047 through a mix of electric mobility, gas-based economy, doping ethanol in petrol and making the country a hub for hydrogen production. *(The Economic Times)*

**India's renewable energy capacity crosses 100 GW; R K Singh says 'landmark day':** India's total installed renewable energy generation capacity crossed 100 GW mark on Thursday and the country is fourth in the world in terms of installed renewable energy capacity. The country has set an ambitious target to have 175 GW or 1,75,000 MW of renewable energy capacity by 2022. *(The Economic Times)*

**India on track to meet Paris Agreement goals, says FM Sitharaman:** The minister, in a meeting with Climate Change Conference of the Parties (COP26) president-designate Alok Sharma, said the government is taking concrete steps and at appreciable speed to meet its commitments on the target of 450 gigawatt (Gw) of renewable energy by 2030. *(Business Standard)*

**How renewable energy became price-competitive with conventional power:** Solar power resources are more evenly distributed. Yet, most solar capacity addition is seen in the states already rich in windpower. *(Business Standard)*

**From IOC to Reliance: India's hydrogen push gains traction:** From firms run by billionaires Mukesh Ambani and Gautam Adani to state-owned oil refiner IndianOil and electricity producer NTPC, Indian firms have announced ambitious plans to embrace hydrogen as fuel as the nation transitions towards carbon-free fuel. *(The Economic Times)*

**Swiggy aims to cover 800,000 km per day on electric vehicles by 2025:** Food delivery giant Swiggy announced the commencement of trials that will increase the deployment of EVs (electric vehicles) in its delivery fleet. This is a concerted effort to operate more sustainably, go pollution-free and contribute towards the creation of a robust EV ecosystem. *(Business Standard)*

## Sectoral News

**Indian auto industry voluntarily recalls 376,536 vehicles this year, more than double of 2019:** The number was more than double that in 2019, when the industry saw 159,992 recalls, as per data collated by the Society of Indian Automobile Manufacturers (SIAM), the body representing vehicle and engine manufacturers in the country. *(The Economic Times)*

**Power ministry issues timelines for installing smart electricity meters:** The Ministry of Power on Thursday provided timelines for replacing existing electricity meters with smart meters with pre-payment feature in government offices, commercial establishments and industrial units, among others. (*Business Standard*)

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**ISID** **Institute for Studies in Industrial Development**  
*A Sponsored Institution of Indian Council of Social Science Research*  
4, Vasant Kunj Institutional Area, New Delhi - 110070, India



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Compiled by: Rakesh Gupta. Edited by Sangeeta Ghosh

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