

Industry Matters

Weekly Updates

September 3, 2021

Economy, Industry and Policy

Economy grows 20.1% in Q1, lags pre-COVID level: India's Gross Domestic Product (GDP) grew by 20.1% in the first quarter of 2021-22, compared to the 24.4% contraction recorded in the same quarter a year ago, but economic activity remained well-below pre-pandemic levels thanks to the second wave of COVID-19. *(The Hindu)*

July core sector output grows at 9.4% even as the low base effect wanes: Seven out of the eight sectors have shown to have positive growth, in the wake of relieving restrictions post the second wave and reviving demand. Except the crude oil industry, all the others have shown an uptick YoY. *(The Economic Times)*

Manufacturing growth falls in Aug on Covid curbs, rising input costs – PMI: A day after GDP data showed robust manufacturing growth in the first quarter of the current financial year, factory activities lost momentum in August due to Covid-induced curbs and rising input costs, showed IHS Markit Purchasing Managers' Index (PMI). *(Business Standard)*

Cloud over capex plans - Capacity utilisation of India Inc hits new low: India Inc's asset-turnover ratio declined to a new low of around 70 per cent in FY21, indicating a further decline in capacity utilisation across sectors last financial year owing to the pandemic. *(Business Standard)*

Economic recovery to need both fiscal, monetary policy support – Experts: Economic recovery will continue to need both fiscal and monetary policy support, and while the global recovery may help exports, the government will have to act swiftly in correcting the protectionist stance and fast-tracking trade agreements, experts said on Tuesday. *(Business Standard)*

Coordinated action by govt, private sector can help create globally competitive companies in India - Report: The pathways include shifting focus from cost arbitrage to capability advantage through workforce skilling, innovation, quality, and sustainability; accelerating integration in global value chains by reducing trade barriers; and enabling competitive global market access for Indian manufacturers. *(The Economic Times)*

Govt to announce PLI scheme for automobile sector, allocate Rs 57,000 cr: The minister set an ambitious export and employment target for the auto component industry asking it to double its exports to \$30 billion in the next 5 years and increase employment in the industry from 50 lakh right now to 75 lakh by 2025. *(The Economic Times)*

Textile Ministry to send PLI scheme for Cabinet approval soon: The Textile Ministry has finalised the Production Linked Incentive (PLI) scheme for textile products and the proposal is likely to be sent to the Union Cabinet soon for its approval, a government source has said. *(The Hindu BusinessLine)*

FM Nirmala Sitharaman discusses key areas of cooperation for supporting recovery of BRICS nations: Finance Minister Nirmala Sitharaman on Thursday discussed with her BRICS counterparts the key areas of cooperation that would be crucial in supporting recovery of the grouping's economies and maintaining macroeconomic stability, while protecting against future uncertainties posed by the COVID-19 pandemic. *(The Economic Times)*

Ease of doing business still cumbersome at grassroot level - CII CEOs Poll: Cumbersome ease of doing business at the grass-root level and high cost of doing business is affecting the animal spirits of the private sector, according to a survey by industry chamber CII released on Sunday. *(The Economic Times)*

Surplus land of PSUs to be shaved off by government: The government is now planning to hive off surplus land in an attempt to ramp up asset monetisation. Cabinet approval will also be sought in order to set up a specialised entity (special purpose vehicle, or SPV) to undertake such transactions for state-run companies, ministries and departments. *(The Economic Times)*

Foreign Investments

India attracted \$22.5 billion in foreign direct investment in April-June 2021 - Govt: India's automobile industry accounted for 27% of the total FDI equity inflow, emerging as the brightest sector in Asia's third-largest economy, followed by computer software and hardware and the services sectors which accounted for 17% and 11% of the inflows respectively, the trade ministry said in a statement. *(Financial Express)*

Japan's NTT to double its data centre presence in India: NTT, the world's third largest data centre firm, had announced an investment of \$2 billion into new data centres, MIST cable and renewable plants across the world. A large share of that is expected to happen in India. *(The Economic Times)*

Indian companies' foreign borrowing jumps 60% in July to \$3.43 bn: Indian companies raised over USD 3.43 billion from foreign markets through external commercial borrowings (ECBs) in July this year, up by nearly 60 per cent from a year ago, RBI data showed on Thursday. *(Business Standard)*

Trade Policy and Competitiveness

Forex reserves drop by USD 2.47 bn to USD 616.895 bn: The country's foreign exchange reserves declined by USD 2.47 billion to reach USD 616.895 billion in the week ended August 20, RBI data showed on Friday. *(Financial Express)*

Manufacturing push - Incentivise auto MNCs, forge more free trade agreements, says govt panel: The panel, set up under the ministry of commerce and industry, has firmed up specific suggestions for boosting exports of manufactured products in 24 priority sectors. These include auto components, textiles, marine products, farm and processed food items, certain electric vehicles, toys and furniture. *(Financial Express)*

FTA discussions with UK, UAE, Australia, EU progressing fast - Piyush Goyal: Union Commerce Minister Piyush Goyal said that India is rapidly progressing in finalising free-trade agreements (FTAs) with several nations. *(Mint)*

India, Australia aim to announce early harvest trade deal by December: The harvest agreement will be the way forward for an early conclusion of a bilateral Comprehensive Economic Cooperation Agreement (CECA) between both nations. *(Business Standard)*

Proposed FTA with UAE to boost jewellery, chemicals, engineering exports - Exporters: The proposed free trade agreement (FTA) with the UAE can result in enhanced exports of several sectors, including gem and jewellery, engineering, leather goods and chemicals to the Emirates as the pact would enhance competitiveness of domestic traders, according to exporters. *(The Economic Times)*

Low-grade imports - DPIIT mulls quality control curbs for 45 more products: The move is part of the ministry's drive to formulate standards/technical regulations or put in place QCOs for 371 key products in the first phase. *(Financial Express)*

India's exports to ASEAN estimated at USD 46 billion in FY22 - MoS Anupriya Patel: While addressing the inaugural session, Patel said: "As one of the largest destinations for Indian exports, ASEAN will be an important region for India with an export target of USD 46 billion in meeting the global export target of USD 400 billion in the financial year 2021-22." *(The Economic Times)*

Corporate Sector

India's market capitalisation to GDP ratio hits 13-year high of 122%: The listed companies in India are worth 122 per cent of India's latest annualised gross domestic product (GDP) — the highest since December 2008, when it had hit an all-time high of around 150 per cent. *(Business Standard)*

Reliance Retail acquires sole control of Just Dial: Billionaire Mukesh Ambani-led Reliance Retail on Thursday said it has acquired sole control of 25-year-old search and discovery firm Just Dial. The firm's subsidiary Reliance Retail Ventures Ltd had in July announced a deal to buy a controlling stake in Just Dial for Rs 3,497 crore. *(The Economic Times)*

Coal India starts pilot project to replace diesel with LNG in dumpers: State-owned CIL on Wednesday said it has begun the process of retrofitting LNG kits in its dumpers -- big trucks engaged in transportation of coal, a move that will help the PSU to save around Rs 500 crore annually. *(The Economic Times)*

MSMEs and Start-ups

Bank lending to small businesses sees positive growth in July; share in gross bank credit improves: Bank lending to the micro and small enterprise (MSE) sector, which is among the priority sectors in India, has shown a positive year-on-year (YoY) growth in July amid ease in Covid related restrictions for businesses after three months of negative YoY credit growth. *(Financial Express)*

Indifi Technologies partners with Facebook to offers collateral-free loans to SMEs: Indifi Technologies has initiated deploying digital loans to small and medium businesses in association with Facebook. The loans range from Rs 5 lakh to Rs 50 lakh and can be availed by businesses across 200 cities in India. *(The Economic Times)*

Small Industry Day - What Indian MSMEs believe would help them become big amid myriad challenges: Micro, small, and medium enterprises (MSMEs) fuel India's economy given the sheer enormity of the small enterprise base in the country. However, a significantly large number of around 6.3 crore MSMEs in India remain – MSMEs throughout their existence. *(Financial Express)*

Employment and Industrial Relations

Hiring activity in India on steady recovery - LinkedIn India report: Compared to the pre-COVID levels in 2019, the hiring rate was 35 per cent higher at the end of May 2021, 42 per cent higher at the end of June 2021, and now 65 per cent higher at the end of July 2021, it said. *(Business Standard)*

Hiring activity in India touches pre-pandemic level, says report: The overall economic activity has shown signs of improvement, and for the first time in months, hiring activity in India is at a pre-pandemic level, according to a report by jobsite Indeed on Monday. *(Business Standard)*

IT firms are changing the way they hire freshers: Indian IT companies have started staggering their intake of freshers through the year in order to be more responsive to the changing business environment. *(The Economic Times)*

Work under rural jobs scheme at 16-month low in August: The fall in work generation in August is in line with fall in demand for work under the scheme, indicating an uptick in economic activity prompting workers to move from rural to urban areas for work. *(The Economic Times)*

Industrial Finance

Govt selects 10 banks to manage LIC IPO to raise up to Rs 90,000 cr – Report: The listing of LIC is set to be India's biggest ever IPO, with the government aiming to raise Rs 80,000-90,000 crore from its stake sale. In all, the government plans to raise Rs 1.75 trillion from its privatisation programme in the current fiscal year ending in March, one of the sources said. *(Business Standard)*

Code of conduct for committee of creditors in the works – MCA: A professional code of conduct for the committee of creditors (CoC) in insolvency cases is on the cards, Rajesh Verma, Secretary, Ministry of Corporate Affairs (MCA), indicated on Friday. *(The Hindu BusinessLine)*

Insolvency law's success needs to be appreciated, say experts: The insolvency law, which has undergone various phases of evolution, has provided a framework for resolution of stressed assets, and its success needs to be appreciated in comparison with the situation that prevailed prior to its implementation, experts said on Thursday. *(Business Standard)*

Technology and Innovation

India aims to open finance to millions with user-data system: India unveiled a data-sharing system that could revolutionize investing and credit, giving millions of consumers greater access and control over their financial records and expanding the potential pool of customers for lenders and fintech companies. *(The Economic Times)*

Elon Musk's satellite-based internet service may launch in India soon: Starlink shipped 100,000 terminals to customers recently. The project aims to provide global broadband connectivity via a constellation of satellites. *(Business Standard)*

Traders slam NITI Aayog over divergent view on draft e-com policy: The consumer affairs ministry will take into account the inputs and feedback from key stakeholders, including central and state government departments, industry, and the public, before finalising amendments in rules governing the e-commerce sector, an official close to the development said on Sunday. *(Business Standard)*

Quantum computing the future, traditional computing based on semiconductors drawing to a close - MoS IT: Minister of State for Electronics and IT Rajeev Chandrasekhar, while launching the quantum computing simulator QSim, said quantum computing will address the future requirements of computing. *(The Economic Times)*

Industrial Infrastructure, Clusters and SEZs

One District One Product plan - pencils from Pulwama, wine from Nashik: The One District One Product plan doesn't do away with traditionally popular products, but in fact manages to include new ones. For example, Darjeeling tea is obviously still on the list, however, a new addition would be pencils from Pulwama, Jammu and Kashmir. *(The Economic Times)*

Land mapping - Govt readies 5.6 lakh hectares of land on India Industrial Land Bank portal to woo investors: The department for the promotion of industry and internal trade (DPIIT) has facilitated the mapping of as much as 5.6 lakh hectares on the India Industrial Land Bank (IILB) portal. *(Financial Express)*

Exports from SEZs up 41.5 per cent to Rs 2.15 lakh crore during Apr-June 2021: Exports from special economic zones (SEZs) grew by about 41.5 per cent to Rs 2.15 lakh crore during the April-June quarter of the current fiscal on account of healthy growth in pharmaceuticals, engineering, and gems and jewellery sectors, as per official data. *(The Economic Times)*

Sustainable Industrialisation

Direct green power instead of grid-fed could help railways more - Study: The Railways plans to install 20 GW of solar for both traction (for running of trains) and non-traction loads as part of its plan to reach net-zero by 2030. It formed a joint venture Railway Energy Management Company to support the development of solar PV and wind energy projects to supply the railway's energy needs. *(Business Standard)*

India's plans to build world's largest solar project stumbles, again: The government announced a raise in the capacity of the proposed mega solar power project to 10,000 MW along with a 5,000 MW battery storage and 3,000 MW wind farm, even when the initial plan continues to stumble over land issues. *(The Economic Times)*

Sectoral News

Cement companies to invest up to Rs 1,700 crore in waste heat recovery system to save power cost - Report: Major cement companies will invest up to Rs 1,700 crore in two fiscal years ending March 2022 to set up 175 MW of waste heat recovery system (WHRS) capacities for saving power cost, an Icmra report said on Wednesday. *(The Economic Times)*

With aluminium prices near 1-year high, India's smelters reap benefits: India's aluminium manufacturers are getting a shot in the arm with a steady increase in the metal's prices because of supply-side bottlenecks in the world's largest primary aluminium producer, China. *(Mint)*

Coal shortage drives spot power prices to record high of Rs 20 per unit: On August 28, there was a massive power supply shortage of 77.7 million units (MU), compared to the shortage of 2.3 MU on the same day in 2020, and paucity of 18.9 MU shortage recorded on the corresponding day in 2019. *(Financial Express)*

Indian aviation industry may incur losses worth Rs 26,000 crore in FY22, says new report: Pandemic-hit Indian aviation industry is expected to report a net loss of Rs 25,000-26,000 crore while its debt level may increase to Rs 1.2 lakh crore in the ongoing fiscal year, credit ratings agency ICRA said on Tuesday. *(The Economic Times)*

Steel prices fall on cheaper iron ore, weak demand: Steel prices in the country have come down in the last week of August amid a marginal fall in domestic and international iron ore prices and slower demand, but steelmakers expect rates to firm up soon on increased demand. *(The Economic Times)*