

# Industry Matters

Weekly Updates

July 29, 2022



## Economy, Industry and Policy

**Bank credit rises 12.89%; deposit 8.35% - RBI data:** Bank credit increased by 12.89% to ₹122.81 lakh crore in the fortnight ended by July 15. Whereas deposits rose by 8.35% to 168.09 lakh crore during the same period. Last year on July 16, advances stood at ₹108.78 lakh crore and deposits at ₹155.14 lakh crore. *[Mint]*

**India to seek consensus on strategy for global recovery, inflation control:** As India takes over the presidency of the G-20 grouping in December, it will have the opportunity to drum up consensus on an international strategy on post-pandemic global recovery and inflation control, equity in Covid vaccine access, green financing, digital technology and cryptocurrency regulations. *[Financial Express]*

**Centre's capital expenditure outlay in Q1 could be close to Rs 1.5 trillion:** It is in the July-September quarter (Q2) of FY23 that capex is expected to pick up, when a bulk of the long-term capex loans to states are expected to be expended. *[Business Standard]*

**White goods PLI investors set up 111 units, says Piyush Goyal:** The 61 companies selected under the production-linked incentive scheme (PLI) for white goods have set up component manufacturing facilities at as many as 111 locations across 14 states and one Union Territory. *[Financial Express]*

**India has zero probability of slipping into recession, says survey:** The probability of recession for several other Asian economies remained unchanged in the survey. Economists see a 20% chance that China will enter recession, and a 25% likelihood that South Korea or Japan will enter one. *[The Economic Times]*

**India second-largest phone manufacturer globally, shows govt data:** India has emerged as the second-largest mobile phone manufacturer in the world with a 126% jump in production from financial year 2021 to fiscal 2022, shows government data. *[The Times of India]*

**Chhattisgarh gets investment proposals worth more than Rs 90,000 crore:** Mineral-rich Chhattisgarh has received, as part of its industrial policy, investment proposals worth more than Rs 90,000 crore in the past three and a half years. *[Business Standard]*

**Rs 1.64-trn revival package for BSNL comes too late in the day - Analysts:** The government's Rs 1.64-trillion revival package for beleaguered BSNL has come in too late, said analysts who expect stiff competition for the state-owned telco from the private players who are already queuing up and spending heavily on securing the 5G spectrum. *[Business Standard]*

**Manufacturers of drones and drone components to get Rs 120 cr benefits under PLI scheme:** The Central Government, under the production-linked incentive (PLI) scheme, will offer incentives worth Rs 120 crore to manufacturers of drones and its component makers during the next three years. *[Financial Express]*

**April-June direct tax revenue up 41 per cent - Pankaj Chaudhary:** Net direct tax collection in the first quarter of the financial year surged by 41.32% to Rs 3.54 lakh crore . The net tax revenue stood at Rs 2.50 lakh crore during the same quarter in last financial year. *[The New Indian Express]*

**Govt's spend on free ration scheme at Rs 3.16 trillion:** The government expenditure on the free ration scheme — Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) since its April, 2020 roll-out has crossed Rs 3.16 trillion, the food ministry told Parliament on Friday. *[Financial Express]*

**Government targets 100% procurement by ministries, CPSEs through GeM portal by end of FY23:** The government has now set a target of procuring all of its goods and services through the public procurement portal Government e-Marketplace (GeM). It aims to make 100 per cent procurement through GeM by the end of the current financial year and 75 per cent by August 15, according to a statement by Commerce Ministry. *[Financial Express]*

**CAG to assess impact of old pension scheme on finances:** India's statutory auditor, the Comptroller & Auditor General of India, is taking a deep dive to ascertain the impact of the old pension scheme on finances after some state governments decided to revert to that. *[The Economic Times]*

**Global slowdown fears darken as cost of living bites:** The global economy looks increasingly likely to be heading into a serious slowdown, just as central banks aggressively reverse ultra-loose monetary policy adopted during the pandemic to support growth, data showed on Friday. *[The Economic Times]*



## Foreign Investment

**Manufacturing sector gets USD 21 billion FDI in FY22:** It said the government has implemented several reforms under the FDI policy regime across sectors such as insurance, defence, telecom, financial services, pharmaceuticals, retail trading, and e-commerce. *[Financial Express]*

**Rs 494 crore FDI received in defence sector since revising policy - Govt:** In 2020, the government announced increasing the foreign direct investment (FDI) limit from 49 per cent to 74 per cent under the automatic route and up to 100 per cent through the government route in the defence sector. *[The Economic Times]*

**Analysts expect FII flows to Indian equities to pick up in H2:** The worst may soon be over for foreign flows into domestic equities, observe analysts. They expect foreign investors to return to emerging markets, including India. *[Business Standard]*

**FPIs return to Indian equities; invest Rs 1,100 crore in July:** This comes following a net withdrawal of Rs 50,145 crore from equities in June. This was the highest net outflow since March 2020, when they had pulled out Rs 61,973 crore from equities, data with depositories showed. *[The Economic Times]*

**Daiki Axis Japan planning to set up third water treatment unit in India:** Water treatment solutions provider Daiki Axis Japan plans to set up its third plant in the country in the southern region, a company official said. *[Business Standard]*

**Cabinet approves BPCL unit's \$1.6-bn investment plan in Brazil:** The Union Cabinet on Wednesday gave approval to state-owned Bharat Petroleum Corporation Ltd (BPCL) to invest an additional USD 1.6 billion in a Brazilian oil block. *[Business Standard]*



## Trade Policy and Competitiveness

**India got highest aid for trade from developed countries in 2020:** India received the highest aid for trade in 2020 at \$2.7 billion from developed countries even as the receipts declined during the pandemic year compared to \$3.9 billion received in 2019. *[Business Standard]*

**India's imports from China increased 29 per cent in 5 years - Centre in Parliament:** India's total imports from China increased by nearly 29 per cent in the past five years. Compared to 2017-18 and 2021-22, the annual imports from China rose from USD 89714.23 million to USD 115,419.96 million. *[The Economic Times]*

**New UK parliamentary panel to promote trade, investment ties with India:** The India (Trade and Investment) All Party Parliamentary Group (APPG) was formally registered last week as part of celebrations of the 75th anniversary of India's independence and is made up of 25 members of Parliament and peers of different political affiliations. *[The Economic Times]*

**DGTR probes circumvention of anti-dumping duty on HTPY import from China:** India has initiated a probe into the alleged circumvention of anti-dumping duty imposed on High Tenacity Polyester Yarn (HTPY) originating imported from China, based on an application filed by Reliance Industries Limited. *[The Economic Times]*



## Corporate Governance

**Mergers & acquisitions on rise as startups diversify into newer spaces:** With funding under pressure and its subsequent impact on valuations, larger startups are looking for mergers and acquisitions (M&A) as they diversify into newer spaces and add capacity. *[Business Standard]*

**Tata Steel may shut UK operations if British government doesn't extend £1.5 billion aid for green plans:** Tata Steel has threatened to shut its UK operations unless the British government extends aid to the tune of £1.5 billion (Rs 14,400 crore approx.) within the next one year to help the steelmaker reduce its carbon emissions. *[The Economic Times]*

**Rs 14,820 crore tax demand raised under black money law on foreign income - Govt:** The government on Monday said it has raised a tax demand of Rs 14,820 crore after completing an assessment in 368 cases under the black money law dealing with undisclosed foreign income. *[The New Indian Express]*

**India's top companies flag slowdown concerns as global recession looms:** Executives at some of India's top companies have been striking a note of caution amid the June quarter results season, saying slowdown concerns are real as global recession looms. *[Business Standard]*

**Nestle announces acquisition of Purina pet care, launch of global nutrition brand Gerber:** Packaged foods company Nestle India announced the acquisition of pet food maker Purina Petcare for Rs 123.5 crore, and the launch of its global child nutrition brand Gerber on Thursday. *[The Economic Times]*



## MSMEs and Start-ups

**MSME sector's share in India's GDP drops from over 30% - Govt data:** The SME Report 2022 analysed 69 sectors and 147 clusters having revenue of Rs 47 lakh crore, representing nearly a fourth per cent of India's GDP. "SMEs in several sectors saw market share loss of over 3% and Ebitda margin erosion compared with fiscal 2020 last fiscal. *[Financial Express]*

**RAMP scheme - Govt sets up committee for steering its Rs 6,000-cr scheme headed by MSME Secretary:** Out of the total scheme's outlay, while Rs 3750 crore was approved by World Bank in June last year, the remaining amount of Rs 2312.45 crore would be funded by the government. *[Financial Express]*



## Employment and Industrial Relations

**Larger plants, more jobs - Gains of early movers on labour reforms:** A study undertaken by a think tank under the Union Labour Ministry reveals that in states which reformed labour laws, the average plant sizes went up and so did formal employment in the manufacturing sector. *[The Indian Express]*

**ESIC scheme adds 14.93 lakh new members in May:** It showed that the gross new enrolments with Employees' State Insurance Corporation (ESIC) rose to 1.49 crore in 2021-22, from 1.15 crore in 2020-21. It was 1.51 crore in 2019-20 and 1.49 crore in 2018-19. *[The Economic Times]*



## Industrial Finance

**ECGC launches new scheme to provide up to 90% export credit risk insurance cover for small exporters:** Under the scheme, manufacturer-exporters will be able to secure fund-based export credit working capital limit up to Rs 20 crore (total packaging credit and post-shipment limit per exporter or exporter-group) excluding gems, jewellery and diamond sector and merchant exporters or traders. *[Financial Express]*

**Mastercard enables more than 2 lakh merchants for card-on-file tokenisation:** Card-on-file tokenisation, as mandated by the RBI, replaces sensitive payment of cardholders such as card number and expiry date with an alternate number, which is called token. *[Mint]*



## Technology and Innovation

**Sahasra plans to invest Rs 750 crore to set up memory chip unit:** Electronics firm Sahasra Semiconductors has said it expects to become the first company to set up a memory chip assembly, test and packaging unit in the country and start selling locally-made chips by December. *[Financial Express]*

**Digital payments record 29% annual growth at March-end 2022 - RBI data:** The Reserve Bank of India's (RBI) digital payments index (DPI) rose to 349.30 as of March 2022, as against 304.06 in September 2021, thus reflecting the rapid adoption of digital payments in the country. *[Business Standard]*

**New e-commerce policy may allow only third party items on e-marketplaces:** The proposed policy seeks to ensure that e-commerce marketplaces sell only third-party products on their platform. *[Business Standard]*

**A recession in the United States will also come to India's tech hub:** India's tech industry is ruling out a US recession. Or so you would think from Infosys Ltd cheery forecast of 14% to 16% annual revenue growth, slightly better than what the country's second-biggest exporter of software services was projecting just three months ago. *[The Economic Times]*



## Industrial Infrastructure, Clusters and SEZs

**Expressways pave the way for Uttar Pradesh's trillion-dollar dream:** The state government is working on a multi-pronged strategy to harness the economic potential of expressways by developing industrial corridors, food processing hubs, warehouses, cold-chain infra, and real estate arcades along their routes. *[Business Standard]*

**Ganga Expressway gets green nod:** The Rs 36,230-crore, 594 km long Ganga Expressway has received environmental clearance from the Ministry of Environment and Forest. With 94% land acquired for the six-lane, access-controlled greenfield project and all statutory clearances in hand, work on the project is likely to begin soon. *[Financial Express]*

**SEZ rules recast to give a boost to realty too - Experts:** The government's move to revamp special economic zones (SEZs) will rekindle interest in the commercial hotspots, make them more inclusive in terms of economic activity and fetch good value for real estate in these pockets. *[The Economic Times]*



## Sustainable Industrialisation

**Electric two-wheelers, India to be 2nd-largest market by '30:** India and Indonesia are on track to become two of the world's top three markets in the number of electric two-wheelers (E2W) sold by 2030, with expected growth of over 60% annually, a survey has noted. *[Financial Express]*

**Reliance, Ola & Rajesh Exports sign program agreement under PLI scheme for battery manufacturing:** Reliance New Energy Limited, Ola Electric Mobility Private Limited and Rajesh Exports Limited, the three selected bidders, signed the Program Agreement under Production Linked Incentive (PLI) scheme for Advanced Chemistry Cell (ACC) Battery Storage on Thursday. *[The Economic Times]*

**States to meet 25% of their energy needs from renewable energy sources:** States would need to meet a quarter of their energy demand from renewable energy (RE) sources under the new 'Renewable Purchase Obligation (RPO)' mandate and increase it to 43 per cent by end of this decade. *[Business Standard]*

**This \$5bn fund will make it easier to buy electric vehicles:** The plan, in the works proposed by federal think tank NITI Aayog, will focus on reducing the high upfront capital expenditure for EV ownership, the people said, requesting anonymity. *[Mint]*

**ONGC, partners to splash USD 6.2 billion on green energy projects:** India's top oil explorer ONGC and its partners will invest USD 6.2 billion (Rs 50,000 crore) in green energy projects to produce carbon-free hydrogen and green ammonia as part of an ambitious decarbonization drive, officials said. *[Financial Express]*



## Sectoral News

**5G telecom auction stretches to 4th day; bids worth ₹1,49,623 crore received so far:** The government has so far received bids worth ₹1,49,623 crore for telecom spectrum put on sale, with the bidding set to continue on Friday. *[The Hindu]*

**India's steel output grows 6% to 10 MT in June:** India's crude steel production rose over 6 per cent year-on-year to 10 million tonnes in June 2022, according World Steel Association. *[The Economic Times]*

**Power Ministry asks states to formulate plans for biomass co-firing in power plants:** To address the issue of air pollution and to reduce the carbon footprint of thermal power generation, the Ministry of Power issued a revised policy in October last year for the use of agro residue-based biomass and mandated the use of five to seven per cent of biomass co-fired along with the coal for all thermal power plants. *[The Economic Times]*

**Natural gas demand dips as power companies, refiners switch to alternative fuels:** Domestic consumption fell 2.5% year-on-year in the first quarter of FY23 while gas imports declined 10%, oil ministry data showed. In June, consumption fell 4% over the year. *[The Economic Times]*

**Fuel exports fall in June:** The fall in net export is an indicator of increased consumption of refined fuels in the country as well as an expectation that fuel demand would remain strong in the coming months, an industry executive said. *[The Economic Times]*

**With Rs 1.64 trillion, BSNL gets new lease of life - BBNL to be merged with telco:** The government on Wednesday announced a hefty revival package of Rs 1.64 trillion for state-owned telecom service provider Bharat Sanchar Nigam (BSNL). This package for the ailing company is much bigger than the Rs 74,000-crore bailout announced in October 2019. *[Financial Express]*

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