

Industry Matters

Weekly Updates

September 09, 2022



Economy, Industry and Policy

Poorly directed freebies may have adverse consequences on economy: Institute for Studies in Industrial Development (ISID) Director Nagesh Kumar said, "State governments need to be responsible in terms of fiscal management unless they wish to get into an unsustainable situation. Basically, freebies given by state governments can wreak havoc with state finances. As demonstrated in Sri Lanka's case, case, fiscal profligacy always leads to disaster". [*Deccan Herald*]

India becoming world's 5th largest economy no ordinary achievement - PM Modi: Recently, India has become the fifth largest economy in the world. This achievement gave us confidence to work even harder and achieve bigger goals in this Amrit Kaal. This progress is not ordinary. Every Indian is feeling proud of it. We need to maintain this enthusiasm," the prime minister said. [*Business Line*]

Global financial biggies see India as island of hope amid a sea of despair: Foreign banks and rating agencies are increasingly growing bullish on India's growth potential and as a key investment destination. [*The Economic Times*]

Services sector activity up in August on gains in new business, jobs creation: The S&P Global India Services PMI Business Activity Index rose to 57.2 in August from a four-month low of 55.5 in July, highlighting a rebound in growth. [*The Economic Times*]

India is likely to become third largest economy by 2029 - SBI report: India is likely to become the third largest economy by 2029 -- up seven places since 2014 when the country was ranked 10th -- a State Bank of India report stated on Saturday. India is currently ranked fifth largest economy. [*Business Standard*]

Government considering PLI scheme for furniture sector to ramp up manufacturing: The government is considering a Production Linked Incentive (PLI) scheme for certain types of furniture to boost domestic manufacturing, and exports and create jobs in the sector. [*The Economic Times*]

Final call on PLI Scheme for mobile makers on September 9: The much-delayed incentives under the production-linked incentive (PLI) scheme for mobile manufacturers are set to be released, promising huge relief for the likes of Samsung and Dixon Technologies. [*The Economic Times*]

Centre may cap upcoming first green bond issues at Rs 25,000 crore: The Union finance ministry is putting finishing touches to its framework to issue 'green bonds' in the second half of the fiscal year, as part of its H2 borrowing of Rs 5.86 trillion. [*Business Standard*]

Centre releases Rs 7,183 crore as revenue deficit grant to 14 states: The central government has released Rs 7,183.42 crore as a revenue deficit grant to 14 states including Andhra Pradesh, Kerala, Assam, Rajasthan and West Bengal, the Finance Ministry said in a statement on Tuesday. [*The Economic Times*]

Centre spent Rs 5 trillion on MGNREGA scheme in 8 years - FM Sitharaman: The Centre has spent Rs 5 trillion on MGNREGA scheme during the past eight years, out of which 20 per cent was spent during the COVID-19 pandemic. *[Business Standard]*

Govt sets up 47-member panel to draft National Cooperation Policy document: The government has constituted a 47-member committee, headed by former union cabinet minister Suresh Prabhu, to draft a new national cooperation policy document that will promote cooperative-based economic development model. *[The Economic Times]*

Govt's cash balances halve in a month with rise in infra spending: Cash balances with the government were at Rs 2.3 lakh crore on September 1, compared with Rs 4.2 lakh crore on July 29, showed central bank data compiled by Bank of Baroda Research. The gauge was at Rs 5.1 lakh crore on July 1. *[The Economic Times]*

India's external debt rises 8.2 pc to USD 620.7 billion till March 2022: India's external debt continues to be sustainable and prudently managed. As of end-March 2022, it stood at USD 620.7 billion, growing by 8.2 per cent over the level a year ago. *[Financial Express]*

Govt committed to banking reforms - FM Nirmala Sitharaman: The government plans to divest its stake in two public sector banks. NITI Aayog, the government's policy and planning platform, had earlier recommended privatising the Central Bank of India and Indian Overseas Bank. *[The Economic Times]*

Normal monsoon drives August FMCG sales up nearly 7% in rural areas - Bizom: Demand for fast-moving consumer goods in rural India grew 6.7 per cent in value in August, while urban areas registered a value growth of 5.5 per cent over July, as consumption in rural areas increased due to normal and above normal monsoons in most parts of the country. *[Business Standard]*



Foreign Investment

China missing among nations driving India's foreign fund inflows: In the list of country-wise FDI inflows into India in 2021-22, Singapore was the leading contributor with \$15.9 billion worth of inflows, followed by the United States at \$10.5 billion and Mauritius at \$9.4 billion. *[Business Standard]*

Financials, FMCG get nearly half of FPI flows in August: The financial sector attracted nearly \$1.6 billion of inflows, while consumer stocks got \$1.4 billion, data analysed by IIFL Alternative Research showed. Pharmaceutical stocks also attracted over \$1 billion of foreign portfolio investor (FPI) flows. *[Business Standard]*

GMR Group to divest entire 40% stake in Philippines' Cebu airport: GMR Group on Friday said it will divest its entire 40 per cent stake in Cebu international airport in Philippines for an upfront payment of Rs 1,330 crore as well as earnouts to be received over a period of more than four years. *[Business Standard]*

Hasina urges Indian businesses to invest in Bangladesh: Bangladesh Prime Minister Sheikh Hasina has urged Indian businesses to invest in her country's infrastructure projects, manufacturing, energy and transport sectors. *[The New Indian Express]*

Sembcorp Industries sells Sembcorp Energy India to Tanweer Infrastructure for S\$2.1 bn: The proposed sale is for a consideration of Rs 117 billion, (approximately S\$2.1 billion) and will result in the deconsolidation of SEIL from Sembcorp, with Tanweer Infrastructure becoming the sole shareholder of SEIL on completion. *[Business Standard]*



Trade Policy and Competitiveness

New Foreign Trade Policy to focus on IT-enablement, e-commerce, R&D, export hubs: The new Foreign Trade Policy (FTP), which will come with a vision statement that will set the road-map for future export growth, is set to be announced by the month-end. *[Business Line]*

India keen to strengthen partnership with Russia on Arctic subjects - PM Modi: India is keen to strengthen its partnership with Russia on Arctic subjects and there is immense scope for cooperation in the field of energy as well, Prime Minister Narendra Modi said on Wednesday. *[The Economic Times]*

Trade pact with Bangladesh can boost India's exports by \$17 billion: India's merchandise exports to Bangladesh stands around \$16 billion and if Bangladesh reduces tariff on these 415 goods, it may help Indian exporters meet the \$17 billion annual import demand of these goods in the neighbouring country. *[The Economic Times]*

Revving exports to America keeps India in race to be next China: India, believed by many to have the potential to become the next China, is finally making headway in the exports market as it broke into the top 5 suppliers of Christmas decorative items and t-shirts to the US. *[The Economic Times]*

44% jump in software services exports by proprietor/LLP firms in FY22 from previous year - RBI survey: The software services exports from India during the financial year 2021-22 by proprietor/limited liability partnerships (LLPs) firms stood at Rs 32,181 crore, up 44.5 per cent from Rs 22,265 crore during FY21. *[Financial Express]*

India to seek review of trade pact with Japan, says Piyush Goyal: India and Japan had implemented the Comprehensive Economic Partnership Agreement (CEPA) in August 2011. The review assumes significance as domestic steel producers have time and again complained of surge in imports of steel products like hot-rolled steel and other variants from Japan. *[Financial Express]*

China's zero-Covid policy hits India's diamond exports: The China lockdown and Beijing's zero-Covid policy have started to impact India's exports of cut and polished diamonds, which fell for the first time this fiscal year in July. *[The Economic Times]*

German port congestion, supply bottlenecks weigh on global trade: Congestion continued to climb in September at Bremerhaven and Hamburg, where there are now 19 container vessels waiting to unload, up from 17 two weeks ago, according to the latest Kiel Trade Indicator. About 11% of all shipped goods are stuck. *[The Economic Times]*

India's exports face risks from demand slowdown, global uncertainties, experts say: India's exports faces risk from subdued demand from developed countries and blocs such as the US and European Union following geopolitical crisis, even as Asia's third largest economy hopes to boost international trade to \$2 trillion by 2030. *[The Economic Times]*

Tea exports during current first half rises to 96.89 million kg: Exports of tea during the first six months January to June 2022 has increased to 96.89 million kg as compared to 86.46 million kg in the similar previous period. *[The Economic Times]*

NEPA's revival to help India cut import of newsprint: Country's import dependence on newsprint may further reduce this year after the revival of government-owned NEPA Ltd as it aims to produce about 50,000 tonne in next seven months. The share of import in total consumption was 47 per cent in 2021-22 against 65 per cent in the previous year. *[Business Line]*

Piyush Goyal expresses hope for early conclusion of trade pact with UK: With Liz Truss becoming new prime minister of the UK, Commerce and Industry Minister Piyush Goyal has expressed hope for early conclusion of talks with Britain for a free trade agreement, aimed at boosting bilateral economic ties. *[The Economic Times]*

India's trade worries grow as exports contract marginally, imports surge: The government on Saturday released preliminary data that showed India's exports fell by 1.15 per cent year-on-year to USD 33 billion in August, while imports rose 36.8 per cent to USD 61.7 billion. *[The Economic Times]*



Corporate Governance

Close to 29,000 companies being removed from official records: The government is in the process of removing 28,790 companies from official records at the end of July, for not having filed annual returns for two consecutive years. *[Mint]*

RIL inches closer to acquiring Lanco Amarkantak with Rs 1,960 cr cash offer: Mukesh Ambani-owned Reliance Industries (RIL) is leading the race to acquire Lanco Amarkantak Power (Lanco), a coal-based power project, with an offer of Rs 1,960 crore cash upfront. *[Business Standard]*

RIL to buy majority stake in SenseHawk for USD 32 million: Reliance Industries Ltd (RIL) acquired a majority stake in SenseHawk Inc for a transaction value of \$32 million, including funding for future growth, commercial rollout of products and research & development. *[The New Indian Express]*

CCI approves PayU's \$4.7-billion acquisition of BillDesk: The deal is touted to be one of the largest in the internet segment in India after Walmart's \$16-billion acquisition of Flipkart in 2018. *[Financial Express]*

Govt to acquire Vodafone Idea stake after share price stabilises above this level; board offer at par value: The government will acquire a stake in debt-ridden Vodafone Idea after the stock price of the company stabilises at Rs 10 or above, according to an official source. *[Financial Express]*



MSMEs and Start-ups

Tata owned online pharmacy 1mg turns unicorn after raising USD 40 million: Tata-owned online pharmacy start-up 1mg has joined the unicorn club with a fresh funding round of over \$40 million. The round was led by Tata Digital. With this round, the start-up is now valued at \$1.25 billion. *[The New Indian Express]*

One in every six MSME loans under ECLG scheme turned into NPAs: One in every six loans disbursed under the Emergency Credit Line Guarantee Scheme (ECLG Scheme) launched during the Covid-19 pandemic has turned bad in the last 27 months. The majority of these loans are lower than Rs 20 lakh. *[Business Standard]*

Over 150 FMCG brands joined udaan platform in last six months: Business-to-business (B2B) e-commerce platform, udaan, announced that over 150 Fast-moving consumer goods (FMCG) brands have joined the platform in the last six months. *[The Economic Times]*



Employment and Industrial Relations

EPFO backs raising retirement age to ease pressure on pension funds: India is projected to become an ageing society by 2047 with an estimated 140 million people above the age of 60 years. This is expected to put immense pressure on the pension funds in the country. *[The Economic Times]*

Urban unemployment in India rises to 9.57 per cent in August, shows CMIE data: The highest unemployment rate during August, in terms of states, was witnessed in Haryana at 37.3% followed by Jammu and Kashmir at 32.8%, Rajasthan at 31.4%, Jharkhand at 17.3% and Tripura at 16.3%. *[The New Indian Express]*

Demand for MG-NREGS works falls to 34-month low in August: Demand for work from individuals under Mahatma Gandhi National Rural Employment Scheme (MGNREGS) has been on the wane since July this year and fell to its lowest in 34 months to 19.2 million persons in August, mirroring an improvement in economic activities in the urban centres. *[Financial Express]*

Jobs in India - Hiring activity remains stable in August; insurance sector witnesses steep growth: Hiring activity remained stable in August with a 6 per cent year-on-year growth, driven by the insurance sector. *[Financial Express]*

Temp staff hiring on the rise as festival demand kicks in: With expectations of festival season demand to be back with a bang after two years of the Covid-19 pandemic, temp staff hiring is also anticipated to see a spike. *[Business Line]*

A long hiring spell for the freshers - A report by Team Lease Edtech: The year 2022 has promised new possibilities to the freshers. Team Lease Edtech, India's leading learning solutions provider, provided a detailed analysis of the sentiment around hiring freshers and entry-level job seekers in its recently launched bi-annual 'Career Outlook Report'. *[The Economic Times]*



Industrial Finance

NCLT recoveries improve to 30.6% in Q1FY23 from 26% in Q1FY22: Recoveries from insolvency cases have inched up to 30.6 per cent in Q1 of the current fiscal from 26 per cent in the year-ago period, while the number of insolvency cases filing/admission rose by 23.5 per cent during this period, says a report. *[The Economic Times]*

PSU banks to open about 300 branches in unbanked areas by Dec 2022: These new branches will cover all remaining unbanked villages with a population of more than 3,000. *[The Economic Times]*

Number of demat accounts crosses 10 crore mark: This is a jump of more than two times given the total number of demat accounts stood at 4.09 crore in March 2020, the month of covid-19 outbreak, according to data released by depository firms National Securities Depository Limited (NDSL) and Central Depository Services (CDSL). *[The New Indian Express]*

Aviation ministry pushes to increase airlines' loan limit under ECLGS: Civil aviation secretary Rajiv Bansal last week wrote to the finance ministry, asking that under the scheme, airlines be allowed to avail of additional debt of up to 100% of their outstanding credit, subject to a cap of Rs 1,500 crore. *[The Economic Times]*



Technology and Innovation

In the global semiconductor race, India's chip manufacturing needs to get the 'chemistry' right: India is steadily on a path to reaching a \$5 Trillion economy with sustainable growth, as enunciated by IMF in its report recently. 'Reform, Perform and Transform'- a mantra given by the Prime Minister is an apt summary of what needs to be done in the ESDM space in India. *[The Economic Times]*

16 states onboard National Single Window System: The NSWS portal is envisioned as a one-stop shop for investors for taking all the regulatory approvals and services related to investments. *[The Economic Times]*



Industrial Infrastructure, Clusters and SEZs

Port capacity doubled in India in 8 years - PM Modi: Prime Minister Narendra Modi said on Friday that port capacity in the country has doubled in the last eight years and stressed that infrastructure growth is key for development of a modern India. *[The Economic Times]*

SEZ Act and rules may be notified together: The Bill, which was supposed to be tabled in the Monsoon session of parliament, will now be placed before the parliament in the next session. *[The New Indian Express]*

Adani Group to build 3 giga factories as part of \$70 billion clean energy investment: The factories will help generate an additional 45 GW of renewable energy to add to Adani group's existing 20 GW capacity, as well as 3 million tons of hydrogen by 2030. *[The Economic Times]*

Petronet LNG Ltd to invest Rs 40,000 cr in 5 yrs to expand import infra: Petronet LNG Ltd, India's biggest gas importer, will invest Rs 40,000 crore in the next five years for expanding import infrastructure as well as foraying into new business to boost profitability to Rs 10,000 crore. *[Business Standard]*



Sustainable Industrialisation

Open access solar installations in India jumps 97 pc to 1.3 GW in Jan-Jun - Mercom India: India added 1.3 gigawatts of open access solar capacity in the January-June period of this year, registering a year-on-year growth of 97 per cent. *[The Economic Times]*

Broadening solar PV manufacturing will boost Indian & EU economies - EU Commissioner: Emphasising that manufacturing of solar photovoltaic (PV) modules in one country is a "risky strategy", European Commissioner for Energy Kadri Simson, on Wednesday, said broadening the manufacturing base, in terms of countries, will help decentralise the technology. *[Business Line]*



Sectoral News

State-run oil companies post strong August sales: State-run oil companies sold 16% more petrol and 23.5% more diesel in August over last year as economic activity gathered pace and as sales at private retailers slumped. *[The Economic Times]*

Steel cos profit to fall 6% sequentially as demand plunges: Profit of Steel companies is expected to fall 5-6 percentage points on a sequential basis in September quarter with domestic hot-rolled-coil (HRC) prices falling 26 per cent so far in this fiscal. *[Business Line]*

Railways carries record freight in August for 2 years in a row: Total freight revenue of the railways stood at Rs 12,927 crore, up from Rs 10,867 crore in August 2021. *[The Economic Times]*

EVs to hit top gear in FY23, sales set to cross million mark: The current fiscal year is set to be a watershed for India's electric vehicle industry. If the past five months are an indicator, EV sales will cross a million units in FY23, up 84% over last year. *[The Economic Times]*

India's coal output remains below estimate at 58 MT in August: The production during last month increased by 8.27 per cent to 58.33 MT in August from 53.88 MT in the corresponding month of previous fiscal. *[The Economic Times]*

Auto retail sales up 8% in August 2022, FADA optimistic about festive season demand: Passenger vehicle registrations saw year-on-year growth of 6.5% to 2,74,448 units in August 2022 owing to strong demand, better supply situation and new launches, the data shared by the Federation of Automobile Dealers Association (FADA) based VAHAN has confirmed. *[The Economic Times]*

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