

Industry Matters

Weekly Updates

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Economy, Industry and Policy

India's July-September economic growth rate slows to 6.3 per cent amid rising policy rates, weak manufacturing: The gross domestic product (GDP) reading for the three months ended September 30 slowed from robust growth of 13.5 per cent in April-June, aided by a favorable base effect as the corresponding period in 2021 saw activities ravaged by pandemic-control restrictions. The second quarter GDP growth also slowed from 8.4% expansion in the year-earlier period. *[The Economic Times]*

To reduce unnecessary expenditure, key govt panels may recalibrate the central scheme: In order to reduce unnecessary expenditure, the Niti Aayog and the Economic Advisory Council to the Prime Minister are jointly reviewing all central sector and centrally-sponsored schemes, which account for 40-50% of the annual Budget. *[Financial Express]*

Private sector capex likely at Rs 6 trn in FY23 - CEA V Anantha Nageswaran: Chief economic adviser (CEA) V Anantha Nageswaran said that India's private sector capital expenditure is expected at `6 trillion in the current financial year, which is a substantial improvement compared to the private capex in the past six to seven years. The private sector capex has crossed Rs 3 trillion in the first half of FY23, he said. *[Financial Express]*

India's April-October fiscal deficit widens on-year to 45.6% of FY23 aim: While announcing the federal budget for this fiscal year, Finance Minister Nirmala Sitharaman had said India will aim to narrow the fiscal gap to 6.4% of gross domestic product from 6.7% in the last financial year. *[The Economic Times]*

Infrastructure output slows down to 0.1% in October, lowest in 20 months: The growth of core sector industries slowed down to 0.1% in October as against 8.7% in the same month last year, government data showed on Thursday. The production of fertilizers, steel, coal and electricity generation increased in October 2022 over the corresponding month of last year. *[The Economic Times]*

Time has come to review monetary policy objectives - RBI deputy governor Michael Patra: Formulating monetary policy has become more challenging in the current environment because of data lags and also frequent reviews, Patra said. "Based on data one month and three months ago, I will have to assess what inflation and growth are going to be one year down the line," he said, adding that policy has to be forward-looking but based on data which is old. *[The Economic Times]*

Centre releases Rs 17,000 crore to states as GST compensation: The Centre on Friday released ₹17,000 crore to states towards the balance of Goods and Services Tax (GST) compensation. This takes the total amount released so far in the fiscal year to over ₹1.15 lakh crore. *[The Economic Times]*

National retail trade policy roll-out gathers steam: The Department for Promotion of Industry and Internal Trade (DPIIT) in the Ministry of Commerce and Industry has circulated the new draft of the National Retail Trade Policy for modernisation and digitisation of retail trade to various Ministries and Departments for comments and suggestions. *[Business line]*

States' Budget demand - 60% GST share, extended compensation period: State finance ministers in their customary pre-Budget consultation with Union Finance Minister Nirmala Sitharaman demanded greater fiscal autonomy through an increase in states' share in goods and services tax (GST) to 60 per cent, from 50 per cent at present, and an extension of the GST compensation period by another five years. *[Business Standard]*

Govt mulls selling 5%-10% stake in Coal India, Hindustan Zinc, Rashtriya Chemicals: India plans to sell small stakes in state-run firms including the world's biggest coal miner and Asia's largest zinc producer, to ride a stock market boom and boost revenue in the final quarter of the financial year, according to people familiar with the matter. *[The Economic Times]*

Global shipping growth at risk from economic gloom, UNCTAD says: The pace of global shipping activity is set to lose steam next year as economic turmoil, conflict in Ukraine and the impact of the pandemic weaken the outlook for trade, U.N. agency UNCTAD said. *[The Economic Times]*

Samsung to invest Rs 400 crore in Tamil Nadu unit: Samsung is the latest global gear maker to come on board the government's telecom equipment production-linked incentive (PLI) scheme and this will be its first such investment into telecom gear manufacturing in India, joining global peers Nokia and Jabil (Ericsson) in making 5G equipment locally. *[The Economic Times]*



Foreign Investment

Early warning for reform: The Department for Promotion of Industry and Internal Trade has released its latest figures for foreign direct investment (FDI) in India over the period between April and September 2022. These show a sharp downturn in FDI flows. Over the period, they stood at \$26.9 billion as compared to 31.2 billion in the equivalent six months of the previous year. *[Business Standard]*

TMS Ep311- India's FDI Inflows, Second-hand Car, Auto Stocks, India Stack: During the first half of this fiscal, foreign direct investment equity inflows fell by 14%. While the total FDI -- which includes equity inflows -- also saw a contraction of 9%. *[Business Standard]*

Equities preferred pick in Nov; FPIs buy shares worth ₹31,630 cr so far: After a mild selloff in October, the equities market witnessed a huge buying appetite from foreign portfolio investors (FPIs) to the tune of ₹31,630 crore so far in November. Strong buying in equities has offset the selloffs in debt and hybrid markets in the current month. *[Mint]*

Global funds may invest \$25 bn a year in Indian infra, says Ambit Capital: Global pension and sovereign wealth funds could invest around \$25 billion a year in Indian infrastructure, according to investment bank Ambit Capital. *[Business Standard]*

Stellantis looks to India for affordable EVs for Europe: Stellantis is investing heavily in EVs and plans to produce dozens of electric models in the coming decade, but Tavares warned last month that affordable battery electric vehicles were between five and six years away. He said the company is still working out a plan regarding EV exports from the country and had not yet taken any decisions. *[The Economic Times]*



Trade Policy and Competitiveness

Finance ministry to hold meet with banks on Dec 5 to promote rupee trade: The finance ministry has convened a meeting of senior executives of state-run as well as private banks on December 5 to brainstorm on ways to promote the settlement of international trade in the rupee. *[Financial Express]*

UK delivering on new FTA with India, says Rishi Sunak: British Prime Minister Rishi Sunak has reiterated the UK's commitment to a free trade agreement (FTA) with India as part of the country's wider focus on enhancing ties with the Indo-Pacific region and standing up to competitors with "robust pragmatism". *[Financial Express]*

India-Australia ECTA seen boosting gems & jewellery trade to \$2 billion: India-Australia Economic Cooperation & Trade Agreement (ECTA) is expected to boost bilateral gem and jewellery trade from USD 1.3 billion at present to USD 2 billion, according to the Gem and Jewellery Export Promotion Council (GJEPC). *[The Economic Times]*

India, GCC agree to resume negotiations for FTA - Piyush Goyal: India and the Gulf Cooperation Council (GCC) have agreed to resume negotiations for a free trade agreement (FTA), Minister of Commerce and Industry Piyush Goyal said. *[The Economic Times]*

India's engineering goods exports to China, US, EU decline sharply in October: India's engineering goods exports to China fell 64 per cent y-o-y in October 2022 while shipments to the EU declined 23 per cent as the overall exports of engineering products from the country declined for the fourth consecutive month. *[Business line]*

Budget Demand - Exporters seek fiscal support, credit at affordable rates: In the customary pre-budget interaction with finance minister Nirmala Sitharaman, exporters pitched for reduction in customs duty and sought government support for setting up a global Indian shipping line. *[The Economic Times]*

Gold imports fell 17% in April-October to \$24 billion: India witnessed a decline in both gold and silver imports in October, according to the latest by the Commerce ministry. The import of the yellow metal declined 17.38% to about \$24 billion during April-October due to a fall in demand, according to the data of the commerce ministry. *[Mint]*

Indian pharma exports rise by 4.22 pc to USD 14.57 billion during April-Oct in current fiscal: Pharmaceutical exports from India registered a growth of 4.22 per cent to reach USD 14.57 billion during the April-October period despite a negative trend last month, according to a senior official of an export promotion body under Government of India. *[Financial Express]*



Corporate Governance

New company registration system to be in place by December: The Union government plans to introduce a new system for company registrations in a month that will replace filing over 50 forms in portable document format (PDF) with web-based ones to transform the compliance and statutory filing architecture for businesses. *[Mint]*

Rs 20K-crore Adani FPO to be fourth biggest fundraise by India Inc: Adani Enterprises' proposed Rs 20,000-crore fundraising via fresh issue of equity shares through a public offer would be the fourth-biggest by Indian companies, excluding banks and non-banking financial companies. *[Business Standard]*

Tata's Bisleri International buyout may be biggest in India FMCG space: In what could be India's largest fast-moving consumer goods (FMCG) deal yet, Tata Consumer Products (TCPL) is in discussions to buy a majority stake in packaged water major Bisleri International for Rs 6,000 crore-Rs 7,000 crore. If the deal is sealed, the ubiquitous Bisleri brand name would open up new avenues for Tata Consumer in the beverage space. *[Business Standard]*

Adani Power extends timeline to complete acquisition of DB Power till Dec 31: Adani Power on Monday said that the timeline for the completion of the Rs 7,017-crore deal to acquire thermal power assets of DB Power Ltd has been extended by one month till December 31, 2022. *[The Economic Times]*

Air India all set to become India's largest international airline: In a major consolidation in the aviation space that will catapult Air India into the country's largest international airline and second largest domestic carrier, Tata Sons and Singapore Airlines said their joint venture Vistara will be merged into the national carrier. After the merger, brand Vistara will cease to exist. *[The New Indian Express]*

Mankind Pharma acquires stake in Upakarma Ayurveda for undisclosed sum: Mankind Pharma on Monday said it has acquired a majority stake in Upakarma Ayurveda, engaged in developing, manufacturing and selling ayurvedic and herbal products for an undisclosed amount. *[Business Standard]*

HSBC acquires L&T MF; schemes to be transferred or merged with HSBC schemes: HSBC Asset Management (India) has said that it has completed the acquisition of L&T Investment Management for a consideration of US\$ 425 million, subject to closing adjustments. *[The Economic Times]*

HSBC Asset Management Company completes acquisition of L&T Mutual Fund: HSBC Asset Management Company (AMC) has completed the acquisition of L&T Investment Management. In a filing with exchanges, L&T Finance Holdings said it has received Rs 3,485 crore from HSBC AMC as sale proceeds. *[Business Standard]*

PhonePe set to acquire fintech start-up ZestMoney for about \$300 mn: Digital payments firm PhonePe is set to acquire fintech start-up ZestMoney for \$200-300 million, according to sources. The acquisition would help Walmart-owned PhonePe to strengthen its lending services and compete with Google Pay, Paytm, and Amazon Pay in Indian fintech. *[Business Standard]*



MSMEs and Start-ups

Centre envisions doubling MSME sector's contribution to India's economy: The government envisages doubling the contribution of India's micro, small and medium enterprises sector to the economy by realizing its full potential, Union Minister Bhanu Pratap Singh Verma said. The Global MSME Summit is being organized by CII in partnership with the Ministry of Micro, Small and Medium Enterprises to promote the visibility of Indian MSMEs and encourage international market linkages. *[The New Indian Express]*

Udyam registration to be mandatory for MSMEs seeking credit guarantee cover under CGTMSE: Micro and small enterprises (MSEs) seeking guarantee cover — under the government's Credit Guarantee fund Trust for Micro and Small Enterprises (CGTMSE) for the collateral-free credit — will have to provide their Udyam registration number (URN) from next year onwards. *[Financial Express]*

Small firms may be allowed to merge PF, pension payments: Looking to ease compliance for small enterprises, the government is considering doing away with separate contributions towards provident fund, pension and insurance and allowing a single payment towards social security of their employees. *[The Economic Times]*



Employment and Industrial Relations

Explainer - Making sense of employment data: India's unemployment rate for persons above 15 years of age in urban areas fell for the fifth straight quarter to 7.2% in July-September, as per the 16th Periodic Labour Force Survey (PLFS). But other indicators show a mixed picture. *[Financial Express]*

Ministry to seek Rs 1 trillion for rural jobs in FY24: The rural development ministry is likely to seek a budgetary allocation of around Rs 1 trillion for the next fiscal for the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS). The scheme is expected to cost the exchequer a similar amount in the current fiscal also. *[Financial Express]*

India's jobless rate rises to three-month high of 8% in November - CMIE: India's unemployment rate rose to 8.0% in November, highest in three months, from 7.77% in the previous month, data from the Centre for Monitoring Indian Economy (CMIE) showed. *[The Economic Times]*

4,000 jobs were posted every day during festive season this year: Hiring activities witnessed 73 per cent growth during the festive season (August-October) this year compared to the same period in 2021 driven by e-commerce and logistics, retail and BFSI sectors, according to a report. *[Business Standard]*

India forms panel to revamp only govt job guarantee scheme: India's federal rural development ministry has formed a panel to revamp its only job guarantee scheme in the hope of directing more work to the country's poorer regions, a senior government official said. *[The Economic Times]*

Centre to review spending pattern of rural job scheme ahead of Budget: The Centre has formed a high-level panel headed by a former bureaucrat to undertake a comprehensive review of the flagship rural job guarantee scheme's expenditure pattern, governance structure, and administrative issues with an aim to plug loopholes and leakages. *[Business Standard]*

Urban unemployment rate drops for fifth quarter to 7.2% - NSO survey: India's urban unemployment rate dropped for the fifth consecutive quarter in the July-September period of 2022-23 (FY23) to 7.2 per cent, according to the latest Periodic Labour Force Survey (PLFS) released by the National Statistical Office (NSO). *[Business Standard]*

Formal job creation rebounds in September: The provisional payroll data released by the ministry of statistics and programme implementation on Friday shows net new subscriber addition under EPFO was 9.8% higher at 1.68 million in September compared to 1.53 million in August. It stood at 1.82 million in July, 1.83 million in June, 1.68 million in May and 1.53 million in April. *[The Economic Times]*



Industrial Finance

Bank credit grows at 17.2% from 7% in September quarter, says RBI data: Bank credit growth improved to 17.2 per cent in the September quarter 2022 from 7 per cent in the year-ago period, reflecting pick-up in economic activities. *[Business Standard]*

Strong bank loan growth in FY23 despite higher interest rates - Fitch Ratings: Fitch Ratings on Monday said India's bank credit will see strong growth in the current financial year despite effects of higher interest rates. It said the strong loan growth should benefit net revenue, particularly as it will be coupled with wider net interest margins. *[Financial Express]*

NBFCs, large corporates, home loans drive credit growth in India: The Reserve Bank of India's latest data on credit growth indicates that loan growth at 18.3 percent in October kept pace to be at a decadal high. Loans to MSMEs and retail via NBFCs, home loans and large corporate accounted for a big chunk of credit growth during a year upto October. *[The Economic Times]*

India's bank credit growth set to stay robust in 2024, but loss absorption capacity a concern - Fitch: India's bank credit growth will accelerate in the financial year ending March 2023 (FY23), despite the effects of higher interest rates, says Fitch Ratings. Strong loan growth should benefit net revenue, particularly as it will be coupled with wider net interest margins. *[The Economic Times]*

Indian NBFCs with strong balance sheets have muscle power to lift assets under management, says CRISIL: Non-banking financial companies (NBFCs) with stronger balance sheets, robust capital and provision buffers are well equipped to grow their assets under management (AUM) by 12-13% this fiscal and 13-14% next fiscal, as robust credit demand is likely to piggyback the economic rebound, rating company Crisil said. *[The Economic Times]*



Technology and Innovation

Truecaller-like apps to identify caller not reliable, says telecom regulator Trai: The Telecom Regulatory Authority of India (Trai) said third-party applications such as Truecaller and Bharat Caller ID & Anti-spam, which are used by mobile phone users for identifying the name of the caller are not reliable. *[Financial Express]*

RBI's modified digital lending norms to come in effect from Dec 1: The RBI stated in a detailed set of guidelines for digital lending that the main concerns were unbridled engagement of third parties, mis-selling, breach of data privacy, unfair business practices, charging exorbitant interest rates, and unethical recovery practices. On January 13, 2021, the RBI established a Working Group on 'digital lending, including lending through online platforms and mobile applications' (WGDL). *[The Economic Times]*



Industrial Infrastructure, Clusters and SEZs

Select districts to get aid under export hubs scheme: The commerce ministry has floated a Cabinet note on a new scheme to develop select districts across the country as export hubs, official sources told FE. Under the scheme, the Centre could extend a total assistance of Rs 3,000-5,000 crore to not just states but also eligible private players for creating export infrastructure in select districts, they said. *[Financial Express]*

Government scans land near airports to build aircraft assembly lines: In a bid to strengthen India's footprint in the business of aviation, the government has started the groundwork for manufacturing passenger aircraft in the country. *[Mint]*

Credit guarantee fund on drawing board for building warehouses: India is looking at setting up a credit guarantee fund to ease flow and reduce cost of capital for creation of warehouses. The proposed fund, under the Warehousing Development and Regulatory Authority (WDRA), is aimed at getting more warehouses into the formal sector. *[The Economic Times]*



Sustainable Industrialisation

Alternative energy - IOC to set up a new company for green business: The state-owned refiner and oil marketing company is also working in alternative energy areas to provide renewable energy solutions such as 2G ethanol from agri waste, fuel cell technology for automobiles, biodiesel production from solar power, and energy storage devices. *[The Economic Times]*

India's open access solar capacity grows 91% to 596 MW in Jul-Sep: Installation of open access solar capacity in India increased by 91 per cent to 596 megawatt (MW) during the July-September period, according to Mercom Research India. *[Business Standard]*



Sectoral News

Govt offers Coal India flexibility to levy mine closure costs to consumers: Coal India Ltd (CIL) has been given freedom to pass mine closure costs on to consumers, but has not taken any such step yet, a company official said. *[Business Standard]*

Passenger vehicle sales may have risen 33% in November: In the last ten years in November, wholesale volumes have shrunk on four occasions, taking average growth of passenger vehicle sales in the month to a meager 1.5%. *[The Economic Times]*

'5G rollout to be faster in India, neighbour nations' gears need checks': India is going to record the fastest 5G rollout in the world and it is going to have the biggest success of the next -generation telecom service with the support of the government, a senior Nokia India official said. *[Business Standard]*

India second among 21 countries in H1 2022 Arpu rise, shows data: India has grabbed the Number 2 spot amongst telcos across 21 countries in H1 2022 for the highest increase in average revenue per user (Arpu). Indian telcos achieved a 20-25 per cent increase in Arpu, coming after Turkey, whose economy faced hyper-inflation during this period. *[Business Standard]*

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