

# Industry Matters

Weekly Updates

January 06, 2023



## Economy, Industry and Policy

**For growth, bolster the manufacturing sector:** Is India's recent push to catch up with industrial powerhouses in manufacturing misguided? Some commentators, such as former Reserve Bank of India governor Raghuram Rajan, have argued against India's manufacturing emphasis as there is "no place for a second China", making a case instead for harnessing the potential of services. *[Hindustan Times]*

**Modi's Rs 20,000 crore green hydrogen mission gets Cabinet nod; PLI scheme in offing for manufacturing base:** The Union Cabinet today approved provisions for Narendra Modi government's ambitious National Green Hydrogen Mission for Rs 19,774 crore. The government plans to use the allocation for a special PLI scheme to set up a manufacturing base for electrolysers and other green hydrogen equipment. *[Financial Express]*

**Core sector rebounds sharply to grow at 5.4% in November - Govt data:** Growth in the output of the core sector, comprising eight infrastructure industries, rebounded sharply in November to increase at 5.4 per cent, owing to a lower base and double-digit expansion in four of the eight areas. *[Business Standard]*

**India's manufacturing output rises to 13-mth high, factories end 2022 on a positive note:** The manufacturing purchasing managers' index, compiled by S&P Global, rose to 57.8 in December from November's 55.7. This reading is the highest since October 2020 and above the 50-mark that separates growth from contraction for an 18th straight month. *[The Economic Times]*

**Corporate tax collection to GDP ratio exceeds 3% after two years in FY'22:** Corporate tax collections exceeded 3 per cent of the GDP after a gap of two years in 2021-22, reflecting overall improvement in profitability of India Inc propelled by increase in demand for goods and services. *[Business Standard]*

**GST collections grow 15 pc to Rs 1.49 lakh cr in December:** India's goods and services tax receipts in December rose 15% year-on-year to Rs 1.49 lakh crore (\$18.07 billion), a government statement said on Sunday, reflecting strong economic activity during the festive season. *[The Economic Times]*

**India's December services PMI expands to a 6-month high of 58.5:** The seasonally adjusted S&P Global India Services Purchasing Managers' Index (PMI) rose from 56.4 in November to 58.5 in December, highlighting the strongest rate of expansion since mid-2022. *[The Indian Express]*

**Odisha government approves 16 industrial projects:** The State Level Single Window Clearance Authority (SLSWCA) of the Odisha government has approved as many as 16 industrial projects worth Rs 4,183 crore, which would help generate employment opportunities for over 12,973 people in the state. *[The Telegraph]*

**FPIs end 2022 as net sellers in Indian stocks. What to expect in 2023?:** Foreign portfolio investors (FPIs) settled the year 2022 as net sellers amidst macroeconomic concerns, rising interest rates trends, and geopolitical tension. Notably, FPIs purchased around ₹24,608 crore through the primary market in 2023. *[Mint]*

**Currency in circulation up 83% since demonetisation in 2016:** Demonetisation of the high value currency notes of Rs 500 and Rs 1,000 did not have any discernible impact on currency in circulation (CIC) in the country, which has soared by almost 83 per cent since its announcement on November 8, 2016. *[The Economic Times]*

**New industrial policy aims to focus on One Nation-One Standard:** The proposed new industrial policy, which will replace the industrial policy of 1991, seeks to achieve One Nation-One Standard, promote startups in every district, create startup innovation zones at the level of urban local bodies, and incentivise Indian speciality products by creating premium international brands. *[The Economic Times]*

**Infrastructure output rises 5.4 per cent in November:** India's core sector growth rebounded to 5.4% in November from the 20-month low of 0.9% in October, benefiting from a strong recovery in coal, fertiliser, steel, cement, and electricity sectors. *[The Economic Times]*

**India's electricity consumption grows 11 pc to 121.19 billion units in December:** India's power consumption logged a double-digit growth of over 11 per cent to 121.19 billion units in December 2022 compared to the year-ago period, according to government data. The robust growth of power consumption indicates sustained momentum of economic activities in December. *[The Economic Times]*

**Indian economy likely to navigate rough global weather in 2023 - Assocham:** India's economy is expected to navigate rough global weather in 2023 due to resilient consumer demand, better corporate performance and abating of inflation, even as the year is likely to be full of challenges and opportunities, Assocham said on Monday. *[Business Standard]*

**India's private sector output near 11-yr high, services sector growth at 6-mth high in December:** India's services sector increased at the fastest pace in six months in December 2022, a private survey showed on Wednesday. The survey also showed that the growth of private sector output climbed to a nearly 11-year high. *[The Economic Times]*

**States' capital expenditure growth modest in April-November:** State government's capital expenditure grew at a modest pace in the first eight months of the current financial year even though the Centre released two additional monthly instalments of tax devolution and released a substantial portion of capex loans to states. *[Financial Express]*

**A make-or-break opportunity for Budget to help India fill the chip industry lacuna created by China:** The world is embroiled in a chip war, and Budget comes at the perfect time for India to prove it's a serious contender to dominate wafer manufacturing in the world. *[The Economic Times]*

**Budget may announce R&D policy for pharma sector:** The Union budget may propose a research and development policy for the pharmaceutical sector to bolster the country's position as one of the world's leading drug suppliers, even as Indian drugmakers face scrutiny for allegedly selling toxic cough syrups in Gambia and Uzbekistan. *[Mint]*

**We want to push India's \$1 trillion digital economy dream - Satya Nadella:** Nadella said that India's tax spend as a percentage of its GDP is becoming normalised when compared to the developed world, and is now among the top 10 countries. *[Business Standard]*



## Foreign Investment

**FPI inflow continues in Dec; equities corner ₹11,119-cr foreign investment:** Foreign investors pumped in ₹11,119 crore in the Indian equities in December, making it the second consecutive monthly inflow, despite increasing concerns over the re-emergence of Covid-19 cases in some parts of the world. *[Business Line]*

**Telangana attracted ₹ 3.30 lakh crore investments, says KTR:** Telangana has attracted ₹ 3.30 lakh crore (\$40 billion) investments through its path-breaking TS-iPASS initiative and in the information technology and ITeS sectors since the State formation in 2014, Industries and IT Minister K.T. Rama Rao said on Monday. *[The Hindu]*

**I&B sector sees FDI worth ₹1,766 cr in 9 months of '22:** The information & broadcasting sector, including the print media, attracted foreign direct investment (FDI) worth ₹1,766 crore in the first nine months of the calendar year 2022, as per Department for Promotion of Industry and Internal Trade (DPIIT) data. *[The Economic Times]*



## Trade Policy and Competitiveness

**India's April-November fiscal deficit widens on-year to 58.9% of FY23 aim:** India's fiscal deficit for the first eight months of this fiscal year through November stood at 9.78 lakh crore rupees, or 58.9% of annual estimates, government data showed today. *[The Economic Times]*

**Coffee exports up nearly 2 pc to 4 lakh tonne in 2022:** Coffee shipments from India, Asia's third-largest producer and exporter, rose 1.66 per cent to 4 lakh tonne in 2022 on rise in instant coffee exports and re-exports, according to the Coffee Board. Exports stood at 3.93 lakh tonne in 2021. *[The Economic Times]*

**India begins anti-dumping probe into import of vitamin from China, EU:** The commerce ministry's investigation arm Directorate General of Trade Remedies (DGTR) is investigating the alleged dumping of 'Vitamin A Palmitate' originating in or exported from China, European Union and Switzerland. *[The Economic Times]*

**GTRI suggests seven steps for Indian traders to make full use of FTA with Australia:** Indian traders should follow seven steps, including knowing trade policy and rules of origin of respective products in Australia in order to take full advantage of the recently implemented free trade agreement, according to a study by GTRI. *[The Economic Times]*

**New scheme to manufacture machinery for trimmings in works, says Industry Minister Goyal:** Commerce and industry minister Piyush Goyal on Tuesday asked industry to use the revenue department's Manufacture and Other Operations under Warehouse Rules (MOOWR) scheme to duty-free import products for the purpose of re-export as it is a "pretty practical, neat, simple solution to the problem that sometimes small exporters particularly face". *[The Economic Times]*

**Petrol export by OMCs rose 142 per cent between 2020-21 and 2021-22:** Export of petrol by Indian oil marketing companies (OMCs) rose 142 per cent in a year between 2020-21 and 2021-22, while there was a miniscule rise of less than 1 per cent in export of diesel during the same period. *[The Economic Times]*

**November exports to key markets bounce back after October dip:** India's key export destinations such as the US, UAE, UK, Saudi Arabia and Indonesia — which saw contraction in shipments in October — witnessed a smart recovery in November, preventing another fall in the country's overall exports in November. *[Business Standard]*



## Corporate Governance

**Tata Motors completes Rs 725 cr acquisition of Ford's Sanand plant:** Tata Passenger Electric Mobility (TPEML), a subsidiary of Tata Motors, has completed the acquisition of Ford India's vehicle manufacturing plant in Sanand for Rs 725.7 crore, according to an exchange notification. *[Business Standard]*

**December cheer - Consumer goods demand rebounds sequentially:** Demand for groceries, personal care items and discretionary products such as apparel, smartphones, refrigerators and televisions improved in December, indicating a recovery after sales fell sequentially or remained flat for the past several months with the only exception being festivals-heavy October. *[The Economic Times]*



## MSMEs and Start-ups

**96% of MSMEs expect profits to rise in 2023, says study:** The MSME Business Confidence Study was conducted nationwide with responses from close to 3,000 MSME owners. The study covered the expectations of India's MSME owners across 25+ cities and 70+ business segments, as they step into 2023 amidst global volatility. *[The Economic Times]*

**ISRO, Microsoft join hands to empower spacetech startups in India:** The Indian Space Research Organisation (ISRO) and Microsoft on Thursday announced a collaboration to fuel the growth of space technology startups in the country. *[Business Standard]*

**Indian startups take 5 yrs to scale from zero to \$100 mn revenue:** There are about 100 unicorns and 170 soonicorns in India. Of these 270 shining stars, 40+ startups in FinTech, eCommerce, and logistics have crossed \$100 million revenue as of FY22. *[Business Standard]*



## Employment and Industrial Relations

**Centre retains 7.1% interest rate on GPF for Q4:** The government on Tuesday kept the interest rate unchanged at 7.1 per cent for the subscribers of the General Provident Fund and other similar funds. In the previous quarter ended December 31, the GPF interest was similar at 7.1 per cent. *[The Economic Times]*

**India's jobless rate rises to 16-month high of 8.30% in December - CMIE:** The urban unemployment rate rose to 10.09% in December from 8.96% in the previous month, while the rural unemployment rate slipped to 7.44% from 7.55%, the data showed. *[The Economic Times]*

**98% of e-commerce companies looking forward to hiring in Q4FY23 - TeamLease:** Hiring in the e-commerce sector will witness a sharp uptick in Q4FY23 (January-March quarter) not just for blue- and white-collar workers, but for apprentices as well, according to employment portal TeamLease Services. *[Business Standard]*



## Industrial Finance

**Indian banks go big on financing renewable energy projects:** The outstanding bank loans to the sector have grown at over 100% year-on-year, year-on-year, indicating momentum in underwriting renewable energy loans. According to Reserve Bank of India data, outstanding bank loans to this sector more than doubled to ₹4,191 crore at the end of October 21, 2022, as compared with ₹2,073 crore a year back. *[The Economic Times]*

**Bank credit jumps 18% in November as retail, Corporate loans pick up:** Bank loans surged nearly 18% in November, compared with 7% a year ago, reflecting demand buoyancy from both individuals and companies despite an increase in financing costs since early summer. *[The Economic Times]*



## Technology and Innovation

**4 important Indian space exploration milestones in 2022:** The year that went by was a truly momentous one for space exploration. Not only did we witness NASA complete the Artemis 1 mission to put humanity back on the Moon, but we were also treated to unprecedented views into the universe by the James Webb Space Telescope. 2022 also saw India bolster its credentials as a spacefaring superpower. *[The Indian Express]*

**Evolving India Inc plans to drive ahead on battery power:** Vedanta and Tata Steel are among companies rolling out electric vehicle (EV) policies to encourage employees to buy them in a year that's already expected to see record adoption of battery-powered automobiles. *[The Economic Times]*



## Industrial Infrastructure, Clusters and SEZs

**Highway building budget for FY24 to top ₹2.1 lakh crore:** The capital expenditure was earmarked for constructing 12,000 km of national highways in the current fiscal. This target is expected to be scaled up to around 14,000 km in the next. *[The Economic Times]*

**PM to flag off 3,200-km long Varanasi-Dhaka-Dibrugarh cruise on Jan 13:** Prime Minister Narendra Modi is expected to flag off the longest-ever luxury cruise from Varanasi to Dibrugarh via Bangladesh on January 13, which is intended to boost the tourism potential and relations between the two neighbouring countries. *[Business Line]*

**Cabinet okays Rs 2,614 crore investment in HP's Sunni dam project:** The Cabinet Committee on Economic Affairs (CCEA) on Wednesday approved the investment of Rs 2,614.51 crore for the 382 MW Sunni dam hydro-electric project in Himachal Pradesh by SJVN Ltd. *[The Economic Times]*

**India, ADB sign \$1.2 bln loan agreements for infrastructure projects in several states** The Indian government and the Asian Development Bank (ADB) on Tuesday signed a loan agreement of \$1.22 billion to improve the connectivity of key economic areas in several states in India. *[Mint]*



## Sustainable Industrialisation

**Mukesh Ambani driving \$75 billion green bet as scions helm other Reliance units:** Mukesh Ambani, the billionaire chairman of Reliance Industries Ltd., will be focusing his attention on the Indian conglomerate's pivot to green energy, according to people familiar with the matter, after putting his children in charge of other businesses. *[The Economic Times]*

**Sustainability-focused SME fund Neev II is likely to reach its fundraising target of Rs 2,000 crore by June this year:** The government-backed fund for sustainability-focused SMEs, Neev Fund II is expected to meet its final fundraising target of around Rs 2,000 crore by June, reported Mint citing a senior executive. *[Financial Express]*

**Railways rolls out energy efficiency plan to meet 2030 net-zero target:** The railways ministry has rolled out a five-pronged energy efficiency plan to become carbon-neutral by 2030. The ministry is looking to reduce overall energy use with efficient operations and increase renewable energy usage. *[Business Standard]*





## Sectoral News

**EV industry ends 2022 with one million unit sales; worries loom ahead:** According to data on the government's Vahan website, about 1,003,000 EVs have been registered with regional transport offices till December 31. The numbers show a more than threefold increase from 332,000 units sold in 2021. *[Business Standard]*

**2022 car sales zoom 23% to record high of 3.8 mn; 14% higher than 2018 peak:** The auto industry posted its highest-ever annual domestic passenger vehicle (PV) sales in 2022 at 3.793 million units on the back of pent-up demand and better semiconductor chip supply. The figure was 23.1 per cent more than that of 2021. *[Business Standard]*

**CIL's coal supply to power sector up 11 pc at 433 MT:** CIL's coal supply to the power sector rose 11 per cent to 432.7 million tonne in the April-December period of current financial year. In the year-ago period, period, the supply was 390.2 MT. The supply to the non-power sector last month was 10.5 MT due to increased output. *[The Economic Times]*

**NTPC power generation rises nearly 12% to 295 billion units in Apr-Dec 2022:** State-owned energy giant NTPC's power generation grew 11.6 per cent year-on-year to 295.4 billion units (BU) in April-December this fiscal. This assumes significance as NTPC supplies one-fourth of the electricity in the country. *[The Economic Times]*

**Coal India to reopen discontinued mines; to offer them on revenue sharing model to pvt sector:** As part of its plan to increase production, Coal India Ltd (CIL) has identified 30 closed coal mines with substantial coking and non-coking coal reserves that can be reopened. CIL is planning to increase production to meet the increase in demand. *[Business Line]*

**Tripura signs agreement with ADB for power project worth Rs 2,275 crore:** Tripura's BJP-led government on Saturday signed an agreement with the Asian Development Bank (ADB) for a power project worth Rs 2,275 crore, informed state Power minister and Deputy CM Jishnu Dewvarma. Of the total cost of the project, the state government would spend an amount of Rs 455 crore. *[The Indian Express]*

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