

# Industry Matters

Weekly Updates

April 28, 2023



## Economy, Industry and Policy

**A Universal Financial Transaction Tax could generate \$650bn a year for climate finance - CUTS International:** According to Nagesh Kumar, Director and Chief Executive of New Delhi-based Institute for Studies in Industrial Development, "Even conservative estimates foresee considerable sums on account of a global FTT. A Financial Transactions Tax, levied at a rate of 0.05 per cent, could generate \$650bn a year. It is a significant amount as it stands at three and a half times of the current Official Development Assistance flows." *[IndiaEducationDiary]*

**Business sentiment turns buoyant in fourth quarter, says NCAER survey:** The Business Confidence Index (BCI) stood at 149.7 in Q4, up from 126.6 in Q3 FY23, though there is a mixed trend in sentiments about business prospects for the upcoming six months, according to the latest round of the Business Expectation Survey (BES) released by the economic think tank. *[Business Standard]*

**India's production incentive scheme draws \$6.54 bn in investments- Statement:** A key Indian government scheme designed to spur local production has drawn investments totaling 535 billion rupees (\$6.54 billion) till December 2022, a trade ministry statement said on Wednesday. *[The Economic Times]*

**Launch 'PLI Plus' initiative; focus on new product development to boost mfg: GTRI to govt:** The government should consider launching a 'PLI Plus' scheme with focus on development of new products, industrial designs and enhancing productivity with a view to boost domestic manufacturing, economic think tank. *[The Economic Times]*

**Electronics, mobile production corner over 50% share of PLI disbursements:** More than half the disbursements of ₹2,875 crore made so far under the government's ₹1.97-lakh crore Production Linked Incentive (PLI) scheme for 14 sectors have gone to large scale electronics manufacturing, including mobile phones, per government estimates. Pharmaceuticals and food products have cornered most of the remaining disbursed amount. *[Business Line]*

**MoRTH plans to raise Rs 35,000 crore through asset monetisation this fiscal:** Currently, MoRTH monetises its assets under three different modes viz toll-operate-transfer (TOT) model, Infrastructure Investment Trust (InvIT) and project-based financing, in order to provide all categories of investors an opportunity to invest in assets pertaining to highways and associated infrastructure. *[The Economic Times]*

**Cabinet approves National Medical Devices Policy to help sector grow to USD 50 bn in next 5 yr** The government had floated the approach paper on the draft national medical devices policy 2022 for consultation. The policy is expected to help the medical devices sector grow from the present USD 11 billion to USD 50 billion in the next five years. *[The Economic Times]*

**Govt urged to allow foreign currency transactions in country via RBI:** Consultants and service providers in the country have urged the government to stop routing domestic foreign currency deals via the US banking system, in order to avoid transaction fees and save foreign currency. Rather such domestic deals involving foreign currencies such as the US dollar should be routed through the Reserve Bank of India. *[The Economic Times]*

**IT Dept readying angel tax norms, valuation guidelines:** The Income Tax Department is working on the guidelines for applicability of the “angel tax” provisions which were extended to foreign investors effective April 1. The idea is to provide clarity on valuation and the exemption norms. *[Financial Express]*

**States seek easier norms for Rs 1 trn ‘untied’ capex loan:** State governments have urged the Centre to relax the norms for the release of the Rs 1.3 trillion interest-free capex loans to them in FY24, stating that some of these are impractical and would impede the efforts to boost capital spending. *[Financial Express]*

**India 4th biggest military spender in world: SIPRI:** India, which has sharpened its focus on building its defence capabilities and strengthening military infrastructure along the China border, was the fourth biggest military spender in the world in 2022 after the United States, China and Russia. *[Hindustan Times]*

**Rs 53,500 cr PLI investment till Dec’22, govt disbursed Rs Rs 2,874.71 cr till March:** PLI schemes for 14 sectors were announced during the Covid pandemic in 2020 with an outlay of Rs 1.97 lakh crore to boost domestic manufacturing and exports. *[The Economic Times]*

**Remittances to India cross \$100-billion mark in 2022:** India has become the first country in the world to have annual remittances from abroad crossing the \$100-billion mark. According to the World Bank, private remittances or transfer of money from NRI to friends and relatives in India crossed the threshold in 2022, with an impressive year-on-year growth of 12%. *[Financial Express]*



## Foreign Investment

**Sri Lanka seeks Indian FDI as it restructures state corporate sector:** Sri Lanka is taking steps for economic revival in the backdrop of the first tranche of the bailout package from the International Monetary Fund (IMF) and this would open up opportunities for Indian corporate sector. *[The Economic Times]*

**JSW Group in talks for 15-20% stake in MG Motor:** Sajjan Jindal-led JSW Group could get a hold in the automobile industry by buying stake in MG Motor India, owned by China’s largest car company, Shanghai Automotive. The two companies are in talks which could lead to JSW Group acquiring 15 to 20 per cent stake in MG Motor for anywhere between ₹2,000 crore and ₹3,000 crore. *[Business Line]*

**Indian apex exporters body sign MoU with Business Russia to promote trade & FDI:** Indian Apex exporters body FIEO has announced that it has signed an MoU with Business Russia to promote trade and investments between the two countries. *[The Economic Times]*



## Trade Policy and Competitiveness

**UK investment minister Dominic Johnson begins India visit with focus on tech ties:** UK's Minister for Investment Lord Dominic Johnson on Wednesday embarked on a visit to India to strengthen the bilateral investment partnership across technology and life sciences sectors and build momentum behind ongoing trade talks. *[The New Indian Express]*

**Jaishankar pitches for opportunities in mining, infra & pharmaceutical sectors in Latin America:** External affairs minister S Jaishankar has pitched for stronger trade ties with Central and Latin America based on opportunities in mining, infrastructure and pharmaceutical sectors, besides the growing size of the markets in the region. *[The Economic Times]*

**Electronics exports grew a whopping 50% in FY23; may overtake drugs, pharma:** Merchandise exports increased by \$25 billion, hitting \$447 billion in FY23 over \$422 billion in the previous year. Of this, the increase in smartphones and Apple iPhone exports alone contributed 23 per cent and 15 per cent respectively. *[Business Standard]*

**India, Germany sign agreement on setting up quality infrastructure:** The work plan was signed at the ninth annual meeting of the Indo-German working group on quality infrastructure in Berlin. "The technical dialogues of the working group address key areas of economic cooperation between the two countries. *[Business Standard]*

**India & Colombia, a growing friendship:** The landmark economic liberalization of 1991 marked the beginning of India's journey as an emerging economy, aimed at promoting a more market-oriented economy and increasing the participation of private and foreign direct investment. More than 32 years later, India has ranked as the 5th economy of the world (2022) with a nominal GDP of USD 3.5 trillion. *[Financial Express]*

**Indo-Korea bilateral trade grows 17 pc to record USD 27.8 bn in 2022:** The bilateral trade between India and Korea grew by 17.3 per cent to USD 27.8 billion in 2022, according to Korea Trade-Investment Promotion Agency (KOTRA). In 2021, the value of bilateral trade between the two countries stood at USD 23.7 billion. *[The Economic Times]*

**India's economy signals resilience even as exports dim outlook:** India's economic activity stayed resilient in March though the weakening pace of exports and an increase in unemployment dimmed the outlook for the country that's surpassing China as the most populous nation. *[The Economic Times]*

**Rupee trading soon, ESG group for textiles, handicraft ecomm portal launched - Piyush Goyal:** The Reserve Bank of India has approved 60 requests to open Special Rupee Vostro Accounts of correspondent banks from 18 countries including the UK, Singapore, and New Zealand. *[The Economic Times]*

**World is looking at India; grasp this opportunity to grow exports: Piyush Goyal urges industries:** The industry's talent is spread across every zone and this industry can generate lots of jobs commensurate with the talent. The future is bright but we seek a collective commitment from every exporter to contribute to increasing exports despite headwinds and challenges. *[The Economic Times]*

**India's data localisation a stumbling block: UK parliamentary report on FTA:** The House of Commons International Trade Committee, in its latest report on "UK trade negotiations: Agreement with India", also cautioned that increased UK market access for India in textiles, clothing, footwear and horticultural products could have an "adverse impact on some developing countries in South Asia, South-East Asia and East Africa which benefit from preferential access to the UK market". *[The Economic Times]*



## Corporate Governance

**Reliance, Adani in final list of 48 bidders for Future Retail:** As many as 48 firms, including Reliance Retail, Adani Group-backed April Moon Retail, Jindal Power, UK-based travel retailer WH Smith Travel, and JC Flowers have made it to the final list of eligible prospective resolution applicants for acquiring debt-ridden Future Retail Ltd (FRL), which is going through the insolvency resolution process. *[The New Indian Express]*

**Maruti plans capacity expansion of 10 lakh vehicles per year to drive growth – What to expect?:** Automobile major, Maruti Suzuki is tightening the bolts to keep up with growth in market demand, and hence the company is planning an additional capacity of 1 million per year. *[Mint]*

**Godrej Consumer Products acquires Raymond's FMCG biz for Rs 2,825 cr:** Godrej Consumer Products (GCPL) on Thursday announced the acquisition of the consumer products business of Raymond Consumer Care (RCCL), a subsidiary of BSE-listed Raymond, in an all-cash deal of Rs 2,825 crore. *[Business Standard]*

**₹9,650-cr bid from Hinduja Group is the sole offer for RCap in second auction:** Hinduja Group's IndusInd International Holdings was the sole bidder in the extended challenge mechanism for Reliance Capital, putting up a bid of ₹9,650 crore on an upfront cash basis. *[Business Line]*



## MSMEs and Start-ups

**Govt purchases from MSMEs record an all time high in FY23:** According to the official data, Central Public Sector Enterprises (CPSEs) purchased goods and services from 2.16 lakh MSEs for a total of Rs 58,429 crore during FY23, an increase of 9.3% from the Rs 53,423 crore in purchases made from 2.25 lakh MSEs during FY22. *[The Economic Times]*

**Startups fire 9,400 employees between January- March, more cuts coming:** As the funding winter continues, startups laid off about 9,400 employees in the Jan-March period, according to data from recruitment firm Careernet.



## Employment and Industrial Relations

**Hiring intent for non-white collar jobs up 10% YoY in Q1FY24:** The hiring intention for non-white collar job roles in the April-June quarter of the fiscal year 2023-24 (FY24) is 10 per cent higher compared to the same quarter last year despite ongoing global turmoil, said a report by TeamLease Services. *[Business Standard]*

**Aadhaar-based pay must for MGNREGS wages from July 1:** The central government has decided to make the Aadhaar-Based Payment System (ABPS) compulsory for settling wages under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) from July 1 and informed states about it. *[The Economic Times]*

**CSR spend in Northeast anything but generous in FY22:** Companies are required to spend 2 per cent of their profits on CSR projects. The analysis considered spending in Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura. Assam was the biggest recipient of CSR funds. It got Rs 319 crore in FY22. *[Business Standard]*



## Industrial Finance

**Microfinance industry to see 25% growth in FY24; GNPA's to improve to 3%: CareEdge:** The growth momentum for India's microfinance industry (MFI) is expected to continue with around 25 per cent year-on-year (YoY) jump in assets under management (AUM) in the current financial year. *[Financial Express]*

**Industrial credit growth slips to a 12-month low of 7% in February:** The sharp recovery in industrial credit from banks in the first half of financial year 2022-23 (FY23) appears to have tapered off, as year-on-year growth declined to a 12-month low of 7 per cent in February, according to Reserve Bank of India data. *[Business Standard]*



## Technology and Innovation

**Govt set to approve Micron Technology's \$1-billion semiconductor plant:** The government is close to approving a proposal by Micron Technology to set up an assembly, testing, marking and packaging (ATMP) facility in the country involving an investment of about \$1 billion. *[Business Standard]*

**Razorpay joins hands with ONDC to offer payment reconciliation service:** Razorpay, a fintech payments and banking platform for businesses, on Thursday said it will join the Open Network for Digital Commerce (ONDC), a non-profit company set up by the Department for Promotion of Industry and Internal Trade (DPIIT) as an alternative for internet shopping. *[Business Standard]*

**Govt launches new e-commerce portal for artisans, weavers with 0% commission from sellers, free shipping:** The textiles ministry in a statement on Monday said the portal will provide products from more than 35 lakh handloom weavers and 27 lakh handicraft artisans directly to the consumers. *[Financial Express]*

**70% of businesses plan to integrate metaverse in company activities - PwC India:** Almost 70 per cent of business executives in India plan to integrate the metaverse into their organisational activities. *[Business Line]*



## Industrial Infrastructure, Clusters and SEZs

**PM Modi inaugurates Kochi Water Metro: What is this public boat service?:** Prime Minister Narendra Modi on Tuesday (April 25) inaugurated the first phase of the Kochi Water Metro — a first of its kind public boat service in India integrated with a metro rail network. *[The Indian Express]*

**India ascends six places to rank 38 on World Bank logistics index:** India has improved its ranking in the World Bank's Logistic Performance Index 2023 by six places, owing to significant investments in both soft and hard infrastructure as well as technology, which has led to an improvement in the country's port performance. *[Mint]*

**Almost 50,000 km of National Highways added in 9 years:** India had a total of 97,830 km of National Highways in 2014-15 which has been expanded to 145,155 km by March 2023. *[The Economic Times]*

**ONGC plans to invest Rs 1 lakh crore by 2030 to boost petchem capacity:** Oil and Natural Gas Corp (ONGC) is planning to invest Rs 1 lakh crore by 2030 to expand its petrochemicals manufacturing capacity, which will include new facilities to produce chemicals directly from crude. *[The Economic Times]*



## Sustainable Industrialisation

**Hydrogen Mission needs solid implementation:** The production of 5 million tonnes of green hydrogen for domestic use is the goal. Green hydrogen is a potential substitute for fossil fuels and can be used for transport (cars, trucks, trains, ships and aircraft), for production of ammonia, fertilisers, chemicals and steel, and for generating electricity. *[Business Line]*

**Brookfield Renewables to invest upto \$1 billion in Avaada Group:** Avaada Group on Wednesday said that Brookfield Renewables will invest up to \$1 billion in the company and the funds will be utilised to fund green hydrogen and green ammonia ventures in India. *[Business Line]*

**Railway network in 14 states 100% electrified in FY23, Northeast lags:** The Indian Railways fully electrified the broad-gauge (BG) network of 14 states and union territories (UTs) by the end of the financial year 2022-23 (FY23), data released by the Ministry of Railways shows. It is looking to complete electrification by December end. *[Business Standard]*



## Sectoral News

**NMDC Iron Ore Output: 'NMDC plans to increase iron ore output by more than 21% this fiscal':** State-owned miner NMDC plans to produce 50 million tonnes of iron ore in the current financial year, a senior official told ET. The target implies growth of more than 21% from the 41.22 million tonnes of iron ore produced by the company in fiscal 2022-23. *[The Economic Times]*

**No coal shortage expected at power plants this summer, says S&P report:** S&P Global Commodity Insights does not expect a coal supply shortage at power plants in India this summer as most of them are well stocked and coal prices may hover around the current level of \$70 a tonne provided there are no major weather disturbances. *[Business Line]*

**Jos Alukkas to launch 100 stores with an investment of ₹5,500-cr:** Jos Alukkas, the Thrissur, Kerala-based jewellery retail chain, will invest ₹5,500 crore in the 7-8 years to launch 100 new stores across India. This will be the single largest investment and expansion plan by a jewellery retail brand in the country. *[Business Line]*

**Airtel's 5G service reaches 3,000 cities, Jio 5G in 3089 urban areas:** Bharti Airtel on Thursday announced the reach of its 5G network has now reached 3000 cities. This brings it closer to its rival Reliance Jio, whose 5G network is currently live in 3089 cities. *[Business Standard]*

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