

# Industry Matters

Weekly Updates

May 26, 2023



## Economy, Industry and Policy

**Moody's sees mfg & infra driving India growth; flags reforms, policy barriers:** Burgeoning infrastructure and manufacturing sectors could push India to be the fastest growing economy over the next few years, said Moody's Investor Service in its latest report. But the global credit rating agency also raised concerns that reform and policy barriers could hamper investment. *[The Economic Times]*

**RBI to transfer Rs 87,416 cr surplus to govt for FY23, up from ₹30,307 cr a year earlier:** The Reserve Bank of India nearly tripled its annual surplus transfer to the government, helping the state reap a windfall that will ease worries about any strain on its finances amid flailing asset sales. *[The Economic Times]*

**Introduce PLI for crucial components, reverse engg industrial labs, not small firm-dominated goods - GTRI:** The government should not extend incentives under production linked incentive scheme (PLI) to small firm-dominated products like leather shoes and handicraft but to local production of critical components instead of final product and to set up industrial labs for reverse engineering to reduce the dependence on imported machinery. *[The Economic Times]*

**May inflation inches closer to 4 per cent - Nomura:** Estimates made by Nomura suggest that May CPI inflation is tracking sub-4.5 per cent levels. The Q2 2023 average may undershoot the RBI's forecast of 5.1 per cent by 60 basis points. *[Business Line]*

**Govt to introduce amendment bill for offshore minerals:** The government is likely to introduce an amendment bill, which seeks to provide auction of minerals mined offshore, in the next Parliament session. *[The Economic Times]*

**India ranked 26th in economic impact created by e-commerce entrepreneurs: Shopify Entrepreneurship Index:** The economic impact on India by its entrepreneurs — part of the e-commerce platform Shopify — has put the country in the 26th spot on the Shopify Entrepreneurship Index involving 40 countries. *[Financial Express]*

**Govt on track to meet disinvestment target of Rs 51,000 crore for FY24:** The government could meet its Budget target of realising Rs 51,000 crore from disinvestment in the current financial year even if it does not take any fresh public sector undertaking for stake sale, provided plans for IDBI Bank and Concor go through. *[Business Standard]*

**FMCG makers expect sustained recovery in volume and margins with price reduction in FY24:** Encouraged by volume growth, margin improvement and recovery in rural sales, India's top fast-moving consumer goods (FMCG) companies are now back to their normal growth cycle as they step up investments as well as spending on advertising and marketing. *[The Economic Times]*



## Foreign Investment

**Walmart looking at sourcing toys, shoes, bicycles from India:** US-based retail giant Walmart is looking to source toys, shoes and bicycles from Indian suppliers as the company is targeting to increase its exports from India to USD 10 billion annually by 2027. *[The Economic Times]*

**FDI declines 16 per cent in FY'23, first y-o-y contraction in decade - RBI:** Gross foreign direct investment (FDI) flows, for the first time in a decade, declined on an annual basis in 2022-23 to USD 71 billion mainly due to a slowdown in the global economy. *[Financial Express]*

**Sebi seeks identification of parent institutions of FPIs as legal entities:** The markets regulator has asked foreign portfolio investors (FPIs) to provide information on certain client identification, know your customer (KYC) and beneficial ownership (BO) requirements. *[Business Standard]*

**CPP Investments' India portfolio crosses \$14.77-billion mark:** Canadian fund CPP Investments has hit a milestone in India in the fiscal year ending March this year as its portfolio exceeded C\$20 billion (US\$ 14.77 billion) in net assets -- showing a 11 per cent growth of Indian assets since March last year. The firm's net assets in India has crossed Rs 1.3 trillion. *[Business Standard]*

**Global mobility firm Flix to enter India in early 2024 with bus service:** Flix, an international mobility company, will launch operations in India and aims to run the first intercity green lines by early 2024. *[Business Standard]*



## Trade Policy and Competitiveness

**PM Modi and his British counterpart Sunak agree to work towards 'ambitious' FTA during talks in Japan:** Prime Minister Narendra Modi and his British counterpart Rishi Sunak on Sunday reviewed the progress of the ongoing free trade agreement (FTA) negotiations and agreed for their trade teams to continue at pace towards an "ambitious". *[The Economic Times]*

**US-led trade talks with 14 countries, including India, close to reaching supply chains pact:** Fourteen countries in US-led Indo-Pacific trade talks are nearing an agreement on supply chain coordination and may announce a deal as soon as next week, according to people familiar with the discussions. *[The Economic Times]*

**India's engineering exports to Russia jump 11 times in April - EEPC:** Exports of engineering goods to Russia jumped 11 times in April this year to USD 133.6 million as compared to year-ago month while the US and China markets continued to soften, the engineering export promotion council said on Saturday. *[The Economic Times]*

**India's forex reserves comfortable for next 5-6 years, FTAs to generate surplus: Piyush Goyal:** Goyal said that the overall exports had been at \$500 billion for almost a decade but reached \$776 billion in FY23 with \$450 billion of merchandise exports and \$326 billion of services exports. *[The Economic Times]*

**Eurasian economic union meets to speed up proposed FTA with India:** The Eurasian Economic Union (EAEU) has decided to expedite the proposed free trade agreement with India that would give Indian companies market access to resource-rich Eurasia where China is making deep inroads. *[The Economic Times]*

**Industry body AIPMA urges govt to hike import duty on finished plastic goods, offer sops to local producers:** All India Plastics Manufacturers Association (AIPMA) on Monday urged the government to double

import duty on finished plastic products to 20 per cent and provide incentives to domestic manufacturers to make India self-reliant. *[The Economic Times]*

**Ports & Shipping ministry to give financial support for promoting green shipping:** The Ministry of Ports, Shipping and Waterways (MoPSW) on Monday announced that it will provide 30 per cent financial support for the promotion of green shipping and a single-window portal will be developed to facilitate and monitor river and sea cruises. *[The Economic Times]*



## Corporate Governance

**JSW Steel to acquire National Steel and Agro for Rs 621 crore:** JSW Steel will acquire flat-steel producer National Steel and Agro Industries (NSAIL) through the bankruptcy court for a cash consideration of ₹621 crore through its wholly-owned subsidiary JSW Steel Coated Products. *[The Economic Times]*

**Reliance completes acquisition of 51% stake in Lotus Chocolate Company:** Reliance Consumer Products (RCPL), the fast-moving consumer goods (FMCG) arm of Reliance Retail Ventures (RRVL), announced on Thursday that it has finalised the acquisition of a controlling stake in Lotus Chocolate Company Ltd. *[Business Standard]*

**Oil Ministry working on proposal to merge MRPL with HPCL:** The oil ministry is drawing up a proposal to merge Mangalore Refinery and Petrochemicals Ltd (MRPL) into Hindustan Petroleum Corp Ltd (HPCL), the two listed subsidiaries of Oil and Natural Gas Corp (ONGC). *[The Economic Times]*

**Reliance on top of \$150-billion Indian e-commerce market:** Billionaire Mukesh Ambani's Reliance is the best-positioned player in the \$150-billion Indian e-commerce market ahead of Amazon and Walmart due to its owning the potent combination of largest retail store network, dominant telecom operations and strong digital media. *[Business Line]*



## MSMEs and Start-ups

**Govt mulls changes to MSME prepackaged scheme, more teeth for IBBI:** Taking cue from the poor response to the prepackaged scheme for MSMEs, the corporate affairs ministry is considering measures to make it more attractive. *[Business Standard]*

**Aditya Birla Capital launches 'Udyog Plus' - An innovative one-stop business platform for MSMEs:** Aditya Birla Capital, the financial services business of the Aditya Birla Group, through its lending arm, Aditya Birla Finance, announced the launch of Udyog Plus, an innovative one-stop business platform, designed for MSME customers. *[The Economic Times]*

**Several uncertainties have hit investor confidence in startups - Study:** According to GlobalData, the volume of funding deals in India declined by 62.5 percent (year-on-year) in January 2023, while the value of deals fell by 80.3 percent. The impact of this uncertainty on investor confidence in startups has been felt across the board, with venture capitalists becoming more cautious in their investments. *[The Economic Times]*

**India eyes start-up exchange programme with its neighbours:** India eyeing a start-up exchange programme with its neighbouring countries to boost entrepreneurial cooperation in the region. While a framework has already been put in place for such an exchange with Bangladesh, a similar initiative is likely to be rolled out for Bhutan and Nepal. *[The Economic Times]*

**Changes to angel tax will provide relief to small businesses, startups - Experts:** Fundraising for small businesses and startups would become easier with the Government notifying certain classes of persons being non-resident investors to whom provisions of angel tax not be applicable. *[The Economic Times]*

**SoftBank eyes five Indian start-ups; may invest up to \$100 mn in each:** SoftBank is in talks with about four to five Indian start-ups, with valuations ranging from \$400 to \$500 million, to invest and support them in their next stage of growth and eventually help them become unicorns. *[Business Standard]*



## Employment and Industrial Relations

**Fresh sanctions on Russian diamonds put 1 million jobs at risk:** Indian diamond trade cuts and polishes 9 out of 10 diamonds available in the world and imports Russian diamonds from Alrosa, which accounts for 30% of global rough diamond output. *[The Economic Times]*

**Nearly 200,000 tech employees fired globally in 2023; more layoffs expected:** Facebook's parent Meta on Wednesday has begun with the second round of layoffs. The year is proving particularly challenging for the IT industry as the layoffs have reached unprecedented levels. *[Business Standard]*

**Corporate NPS subscriber addition grew 31% in FY23, shows data:** The adoption of the National Pension System (NPS) by corporate employees accelerated for a second straight year in 2022-23, with 193,283 new subscriptions — 30.6 per cent more than the 147,981 in FY22. *[Business Standard]*

**Leave encashment limit for non-govt employees hiked to Rs 25 lakh - CBDT:** According to media reports, so far, the tax exemption on leave encashment for non-government employees was Rs 3 lakh which was fixed in 2002, when the highest basic pay in the government was Rs 30,000 per month. *[Business Standard]*

**CGHS beneficiaries to get cashless treatment at 6 AIIMS:** Cashless treatment will now be available to all CGHS beneficiaries at the premier All India Institutes of Medical Sciences in Bhopal, Bhubaneswar, Patna, Jodhpur, Raipur and Rishikesh. *[The Economic Times]*

**Average salary in e-commerce, tech start-ups at a five-year low:** The average salary in the e-commerce and tech start-ups in India plunged to a five-year low of Rs 24,700 per month in 2021-22 (FY22), a new report said. This is 12.4 per cent lower than the average salary of Rs 28,200 in FY18. In FY21, the average salary in the sector peaked at Rs 31,700 per month. *[Business Standard]*



## Industrial Finance

**ADB, India signs \$141.12 mn loan for industrial corridor development in AP:** The loan aims to support the development of essential infrastructure, such as roads, water supply systems, and electricity distribution networks, in three industrial clusters located in Andhra Pradesh. *[Business Standard]*

**Public sector banks' total profit crosses Rs 1 lakh crore-mark in FY23:** Public sector banks' cumulative profit crossed the Rs 1 lakh crore-mark in the financial year ended March 2023, with market leader State Bank of India (SBI) accounting for nearly half of the total earnings. *[The Economic Times]*

**Gail to borrow up to Rs 7,000 crore domestically to fund Rs 10,000 crore capex plan in FY24:** Gail India plans to borrow up to Rs 7,000 crore in FY24 to fund the Rs 10,000 crore capital expenditure plan for this fiscal. *[The Economic Times]*

**JSW Steel gets board approval to raise up to ₹18,000 crore:** The company said it will raise up to \$1 billion in international markets. Of the total fundraise, ₹7,000 crore will be through non-convertible debentures with warrants and ₹3,000 crore will be non-convertible debentures. *[The Economic Times]*

**Federal Bank eyes up to \$486 million fundraising in next few months:** Federal Bank Ltd., the Indian bank backed by the International Finance Corp., plans to raise as much as 40 billion rupees (\$486 million) in the next few months to support its expansion. *[The Economic Times]*

**Billionaire Anil Agarwal-led Vedanta signs a 5-yr-loan for \$850 million with JPMorgan and Oaktree** In a bid to tackle its soaring debt burden, Anil Aggarwal led Vedanta group, has raised an \$850 million fund with JPMorgan and Oaktree. *[Mint]*

**Banks' outstanding credit to NBFCs spikes by 30.2% YoY in Mar'23 at Rs.13.3 lakh crore:** Banks' outstanding credit to Non-Banking Financial Companies (NBFCs) has remained robust and spiked by 30.2% Y-o-Y in March 2023 to reach Rs.13.3 lakh crore, as per the report released by CareEdge. *[The Economic Times]*



## Technology and Innovation

**Kerala now India's first 'e-governed state'; govt services to be digitised:** Kerala made history after the Pinarayi Vijayan government on Thursday declared it as India's first 'total e-governed state', where the delivery of government services would be digitised, transparent, and fast. *[Business Standard]*

**FB parent Meta hit with a record \$1.3 billion fine for transferring European user data to US:** The European Union slapped Meta with a record \$1.3 billion privacy fine Monday and ordered it to stop transferring user data across the Atlantic, the latest salvo in a decadelong case sparked by U.S.cybersnooping fears. *[The New Indian Express]*



## Industrial Infrastructure, Clusters and SEZs

**Mega boost for UP road infrastructure! Ghaziabad-Aligarh Expressway achieves milestone by laying bituminous concrete over a distance of 100 km lane in 100 hours:** India has achieved another milestone in the road infrastructure sector by laying bituminous concrete over a distance of 100 lane kilometers in an unprecedented time of 100 hours. *[Financial Express]*

**India sees a Rs 200 cr investment in washing machine plant by Thomson:** The plant reportedly has the capacity for 300,000 washing machine units and aims to produce 500,00 in the next six months. *[Business Standard]*



## Sustainable Industrialisation

**PM Modi and Japan's Kishida discuss cooperation in green hydrogen, semiconductors:** Prime Minister Narendra Modi and his Japanese counterpart Fumio Kishida on Saturday held talks focusing on boosting bilateral cooperation in areas of green hydrogen, high technology, semiconductors and digital public infrastructure. *[The Economic Times]*

**India proposes talks on international norms for 'green, clean & low-carbon' hydrogen:** India has proposed a discussion on global standards for 'green, clean, and low carbon' hydrogen at the G20 Energy Transition Working Group meeting held last week, mooted an emission limit of up to 2 kg of carbon dioxide equivalent per kg of hydrogen produced. *[The Economic Times]*

**Investments in green energy now 70% higher than in fossil fuels - IEA:** On the back of high fossil fuel prices, enhanced policy support, and alignment towards climate change, the investments in green energy are now 70 per cent higher than in fossil fuels. *[Business Standard]*



## Sectoral News

**SECL's Gevra mine to be largest coal producing mine in Asia - Coal secretary:** Gevra project of South Eastern Coalfields Ltd (SECL) in Chhattisgarh recently became the first mine in the country to achieve 50 MT of coal production. *[The Economic Times]*

**Domestic airline travel sets a new record, crosses 50 million passengers:** According to a release shared by PIB, domestic travel has witnessed a growth of 42.85 per cent, carrying more than 50 million passengers this year, while the previous year had recorded 35.27 million passengers. *[Business Standard]*

**Automakers to invest \$10 billion for enhancing EV manufacturing capacity:** The development has come at a time when EVs are gathering attraction around the world. The governments are also supporting the switch from pure internal combustion engines to battery-powered vehicles. *[Business Standard]*

**Organised jewellery likely to witness 12-15 pc growth in revenue in FY24:** Icara Organised jewellers are expected to record revenue growth of 12-15 per cent in FY24 despite a high base and evolving macro-economic environment, against the expected industry growth of 8-10 per cent YoY, Icara said in a report. *[The Economic Times]*

**India's own clothing size chart to be out soon:** India is likely to roll out in the next three months a size chart for clothing that is specific to Indian consumers' measurements, on the lines of the standardised sizes available in the US and the UK. *[The Economic Times]*

**BSNL 4G to come in 2 weeks, 5G by year-end - Ashwini Vaishnaw:** State-owned telecom service provider Bharat Sanchar Nigam Limited (BSNL) is set to start its 4G services within next two weeks, and will upgrade to 5G network by the end of this year. *[The New Indian Express]*

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