

Industry Matters

Weekly Updates

July 07, 2023



Economy, Industry and Policy

Govt extends relaxations for central ministries on capital expenditure: In order to push capital expenditure by central ministries, the Finance Ministry on Friday extended the relaxed norms on capex in excess of Rs 500 crore to the second quarter of this fiscal. *[Business Standard]*

Indian companies in 'good credit shape' - S&P: S&P Global Ratings said on Tuesday that Indian companies were in "good credit shape" due to strong growth in the country's economy and accommodative corporate balance sheets. *[The Economic Times]*

GST mop-up grows 12% YoY in June to Rs 1.61 lakh crore: Monthly GST collection crossed the Rs 1.60 lakh crore mark for the fourth time ever, riding a vigorous economy, continued economic momentum and strong anti-evasion measures. *[The Economic Times]*

India's key infrastructure sectors' growth slows down to 4.3% in May: The growth of eight key infrastructure sectors slowed down to 4.3 per cent in May 2023 due to a decline in the production of crude oil, natural gas, and electricity. *[BusinessToday]*

More businesses to be brought under e-invoicing scheme from 1 August: More businesses will be brought under the e-invoicing scheme, meant to track business-to-business sales, from August, and small businesses will be allowed to sell through e-commerce platforms without a Goods and Services Tax (GST) registration from October. *[Mint]*

First tranche of Green H2 bidding to offer incentives for 450,000 tonnes/year capacity: India will offer incentives for a stated capacity of 450,000 tonnes per year in the first tranche of bidding for green hydrogen production. *[The Economic Times]*

Centre approves formation of India's first domestic regulated carbon market: The union government, through a gazette notification on Friday, approved the formation of India's first domestic regulated carbon market. The 'Carbon Credit Trading Scheme, 2023' first announced under the Energy Conservation Act, aims to set up a carbon credit trading market in the country. *[Business Standard]*



Foreign Investment

Finance Ministry pushes for reforms to spur FDI inflows: The Finance Ministry has made a strong pitch for measures to facilitate Foreign Direct Investment (FDI) flows, that dipped last year and may remain subdued in coming months, mooted greater attention from policymakers to resolving challenges faced by global investors. *[The Hindu]*

Microchip to invest \$300 million to expand India operations: Arizona-headquartered semiconductor company — Microchip Technology, on Monday announced a multi-year plan to invest approximately \$300 million in expanding its operations in India. *[The Economic Times]*

HSBC returns to private banking in India to tap growing wealth: HSBC Holdings Plc said it began private banking operations in India, marking a return to the market as Europe's largest lender seeks to serve the nation's growing rich. *[Financial Express]*

India and Asean top recipients of FDI - UNCTAD: Foreign direct investment (FDI) in developing countries in Asia remained flat year-on-year at \$662 billion during 2022, despite clocking about half of global inflows. *[The Economic Times]*



Trade Policy and Competitiveness

India's 2022 global commercial services exports share doubled to 4.4% - WTO-World Bank: The developing economies' impressive trade performance under this expanded measure of trade in services is largely due to four economies that rank as leading services exporters and importers- China; Hong Kong, China; Singapore; India. *[The Economic Times]*

Comm min asks exporters to focus on potential sectors to boost exports: The commerce ministry on Monday asked exporters to focus on potential key sectors such as food, electronics and engineering and 12 major markets to boost exports. *[Business Standard]*

Last date for exporters to apply for amnesty scheme extended till Dec 31: The last date to apply for availing benefits of the amnesty scheme for one-time settlement of default in export obligation by certain exporters has been extended for six months till December 31, the commerce ministry said on Friday. *[Business Standard]*

1.25 lakh Indian exporters on Amazon Global Selling to cross \$8 billion in cumulative exports in 2023: E-commerce major Amazon India on Wednesday, launching its annual Export Digest report, said it is on track to enable \$8 billion in cumulative e-commerce exports by the end of 2023 from \$5 billion last year, registering a 60 per cent jump. *[Financial Express]*

RBI panel charts path to internationalise rupee, reduce dollar dependency: An inter-departmental group (IDG) of the Reserve Bank of India (RBI), set up to examine internationalising the rupee, has recommended steps for transactions in the domestic currency popular in other countries, thereby reducing dependence on the dollar. *[Business Standard]*

India May services exports rise 7.7% to \$27.06 billion - RBI: The government's first preliminary estimates released mid-June had shown services exports stood at \$25.3 billion, while services imports was at \$13.53 billion. *[The Economic Times]*

Chinese optic fibre cables face anti-dumping duty: The Directorate General of Trade Remedies (DGTR) has recommended the imposition of anti-dumping duty optic fibre cables from China, South Korea and Indonesia as it is being sold in India at artificially low rates, to capture the domestic market. *[The Times of India]*

EEPC suggests methods to boost India's engineering exports: Pursuing new free trade agreements (FTAs) with emerging countries in Latin America and Africa, a scheme to support MSMEs in research and innovation, setting up a domestic shipping line, and global branding of Indian products are among the key suggestions in a strategy paper prepared by EEPC India to boost engineering exports and achieve the target of US\$ 300 billion by 2030. *[The Economic Times]*

India expects EU carbon tax to hit exports of steel, iron ore and cement: Already facing subdued demand from developed nations, India's exports are likely to be hit by the European Union's 20% to 35% tariffs on high-carbon goods like steel, iron ore and cement. *[The Economic Times]*

India begins anti-dumping probe into import of Chinese aluminium frames for solar panels: India has initiated an anti-dumping probe into imports of aluminium frames for solar panels from China following a complaint by a domestic manufacturer. *[The Economic Times]*



Corporate Governance

M&A value nosedives 75 pc to USD 32.6 billion in first half of 2023 despite record volume: The value of merger and acquisition (M&A) deals plunged 75 per cent to USD 32.6 billion in the first half of 2023 even as the number of such deals crossed an all-time high of 1,400, according to industry data. *[The Economic Times]*

India Inc fresh investments at Rs 5.96 trillion in Q1 - BOB: India Inc fresh investments in projects rose 2.93% to Rs 5.96 trillion in the first quarter of FY24 compared with Rs 5.79 trillion recorded during the same period of the previous fiscal. *[Financial Express]*

IDFC to merge with its banking arm in all-stock deal: IDFC First Bank on Monday announced merger of its parent IDFC Ltd with itself in an all-stock transaction, marking another major deal in the Indian banking space days after the amalgamation of the HDFC twins. *[The Economic Times]*

Motherson to buy 81% stake in Honda Motor arm Yachiyo Industry: Samvardhana Motherson International Limited (SAMIL) through its wholly-owned subsidiary of SMRP B.V. (SAHN B.V.) has entered into an agreement to acquire 81% stake in Yachiyo's 4W (Y4W) business. *[The Economic Times]*

Biocon Biologics takes over Viatrix' biosimilar biz in over 70 countries: Biocon Biologics on Wednesday said it has completed the integration of the acquired biosimilars business from Viatrix Inc in over 70 countries in emerging markets effective July 1, 2023, increasing the scale and scope of its business. *[The Economic Times]*

BHEL, GE Vernova extend pact for manufacturing heavy-duty gas turbines: GE Vernova's Gas Power business and state-run Bharat Heavy Electricals (BHEL) on Tuesday announced the continuation of their long-term cooperation with the fourth extension of the Technical Assistance and License Agreement including scope for the engineering and manufacturing of heavy-duty gas turbines in India. *[Business Line]*

Past environmental issues - Vedanta's plans to sell ESL Steel may get tepid response: Mining major Vedanta's plans to sell ESL Steel (formerly known as Electrosteel Steel) might garner a lukewarm response from the steel majors in the country, mostly due to its past environmental issues. *[Financial Express]*

SBI to acquire SBICAPS stake in SVL: Country's largest lender State Bank of India (SBI) will acquire 100% stake of SBI Capital in SBI Cap Ventures for Rs 708 crore. The Executive Committee of the Central Board (ECCB) of the bank approved the acquisition of the entire stake held by SBI Capital Markets in SBICAP Ventures Ltd (SVL). *[The New Indian Express]*



MSMEs and Start-ups

Start-up fundraising down 72 per cent in first half of 2023: The Indian start-up ecosystem faced a challenging first half of 2023 as the total funding- \$5.5 billion- declined by over 72% compared to H1 2022. Start-ups had raised \$19.7 billion in H12022. *[The New Indian Express]*

Assam government okays provisions for smooth setting up of MSMEs: The proposed Rules will exempt MSMEs from certain approvals and inspections, required for establishment and operation in the State for 3 years. *[The Economic Times]*



Employment and Industrial Relations

Expert services major contributor to job creation in formal sector - Finance Ministry: As the Indian economy recovers from the pandemic, India's finance ministry in its annual report has said that expert services is the major contributor to the job creation in the formal sector. *[The Economic Times]*

Demand for NREGS work up on subdued farm activities: Demand for work under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) increased in June from a year before, a possible sign that an industrial recovery is yet to take firm roots. *[The Economic Times]*

Professional services industry hired maximum people between January and May: The demand was the highest in areas like taxation, business consulting, risk advisory, deal advisory, technology services, and environmental, social, and corporate governance (ESG) services. *[Business Standard]*

Hiring up 12% Y-o-Y during January-May - Quesst Corp's data: Hiring in the country witnessed a year-on-year growth of 12 per cent in January to May 2023 compared to the corresponding period of the previous year. The increase was driven by professional services, manufacturing, banking and financial services (BFSI), e-commerce, and IT/ITES sectors. *[Business Line]*



Industrial Finance

Jio dials clutch of foreign banks for up to \$1.5 billion loan: Reliance Jio Infocomm is in advanced talks with a clutch of bulge-bracket global banks to raise around \$1-1.5 billion (Rs 8,200-12,330 crore) through an offshore syndicated loan. *[The Economic Times]*

Microfinance gross loan portfolio jumps 18% in FY23; write-offs up by 7.7%: The gross loan portfolio (GLP) or portfolio outstanding of the microfinance sector grew 17.9 per cent year-on-year (YoY) as of March 2023 to Rs 3.37 lakh crore from Rs 2.86 lakh crore as of March 2022. *[Financial Express]*

Fundraise by BPCL and Indian Oil to aid capex, emissions cut - Fitch: Announcements of plans to raise equity capital by Bharat Petroleum Corporation Limited (BPCL) and Indian Oil Corporation Ltd (IOC) - should strengthen their capex spending and the credibility of their emission-reduction plans. *[The Economic Times]*

Project lender Ethos aims to deploy USD 1 billion for lending in India over 5 years: US-headquartered project lender Ethos Asset Management has readied plans for lending in India, and aims to deploy more than USD 1 billion in the country over the next five years. *[The Economic Times]*

Vehicle loan growth outpaces home loans as consumers prioritize cars, SUVs over houses: The latest data from the Reserve Bank of India (RBI) reveals a significant shift in borrowing trends, with more people opting for vehicle loans over home loans. *[The Economic Times]*

Share of housing loans in total advances rises to 14.2 pc in 11 years - RBI: The share of residential housing loans in total advances has increased over the last eleven years to 14.2 per cent in March 2023 from 8.6 per cent in March 2012, as per the Reserve Bank's latest Financial Stability Report (FSR). *[The Economic Times]*

Private banks more aggressive in writing off bad loans than public banks: The report highlighted that the ratio of write-offs to gross non-performing assets (GNPAs) in private banks was 47.9 per cent, much higher than 22.2 per cent in public banks. These loans are usually written off to improve the impaired loan ratio in the bank's balance sheet. *[Business Standard]*



Technology and Innovation

UN telecom body ITU accepts India's inputs on 6G technology framework: UN body International Telecom Union has accepted India's inputs on the 6G technology framework, indicating the country's crucial role in the development of next-generation high-speed technology. *[The Economic Times]*

DGCA ties up with European agency to develop unmanned aircraft systems: The Directorate General of Civil Aviation (DGCA) India and the European Union Aviation Safety Agency (EASA) have decided to work together in unmanned aircraft systems (UAS) and innovative air mobility. *[Business Standard]*

Jio likely to sign 5G gear deal with Nokia for \$1.7 billion: Reliance Jio Infocomm is set to sign this week an around \$1.7 billion (₹13,980 crore) contract with Finland's Nokia to purchase 5G network equipment. *[The Economic Times]*



Industrial Infrastructure, Clusters and SEZs

Gadkari inaugurates, lays foundation stone of 11 NH projects worth ₹5600 crore in Rajasthan: Union minister for road transport and highways Nitin Gadkari on Tuesday inaugurated and laid the foundation stone for 11 national highway (NH) projects worth ₹5600 crore in Pratapgarh, Rajasthan. *[Mint]*

Singapore's GIC, Genus Power Infra to invest \$2 billion in smart meter projects: Singapore's sovereign wealth fund GIC and Genus Power Infrastructures have agreed to set up a joint venture platform to fund smart metering projects and have committed to invest \$2 billion for the initial pipeline. *[Business Line]*

Tata Steel plans EAF plants to recycle steel in South India too: Steel behemoth Tata Steel's electric arc furnace-based recycling plants could come up in an auto hub in southern India. While the first of the steel recycling plants is coming up in Ludhiana, with a capacity of 0.75 million tonnes per annum (mtpa). *[Business Line]*

Key cities in Uttar Pradesh set to get an artificial intelligence makeover: The Uttar Pradesh government has rolled out its plan to develop major cities as Artificial Intelligence (AI) and Information Technology (IT) hubs. *[Business Standard]*

India's first regional train service - RAPIDX - to kick off on 17-km stretch this month: A 17-km-long priority section of India's first regional train service, the RAPIDX, is set to begin operations this month. This portion has five stations-Sahibabad, Ghaziabad, Guldhar, Duhai and Duhai Depot. *[The Economic Times]*



Sustainable Industrialisation

To support India's low-carbon transition, World Bank approves \$1.5-bn financing: To help India promote low-carbon energy by scaling up renewable energy, developing green hydrogen, and stimulating climate finance for low-carbon energy investments, the World Bank's Board of Executive Directors have approved \$1.5 billion in financing. *[BusinessToday]*

Maharashtra introduces Hydrogen policy, a first in the country: In order to boost renewable energy projects in the state, the Maharashtra state cabinet on Tuesday gave approval to the state's Green Hydrogen Policy to promote renewable energy and green hydrogen projects in Maharashtra. The state cabinet also approved Rs 8,562 crore for the implementation of this policy. *[The Indian Express]*



Sectoral News

India set to be no. 1 wearables market in 2023: India's wearables market is expected to end 2023 as the world's largest and is set to prop up the global demand for smartwatches and hearables, at a time when North America and China are showing signs of saturation amid macroeconomic headwinds. *[The Economic Times]*

India's coal production grew 8.4 per cent to 223 MT in first quarter current fiscal: India's overall coal production grew 8.4 per cent to 222.9 million tonne (MT) in the April-June quarter of the current financial year (2023-24) as compared to 205.6 MT in the same period last year. *[The Economic Times]*

June auto retail sales rose 10% year-on-year - FADA: Auto retail sales in June 2023 reported a 10% y-o-y growth owing to positive performances across all vehicle categories including two wheelers, three wheelers, passenger vehicles (PVs), tractors, and commercial vehicles (CV) at growth rates of 7%, 75%, 5%, 41%, and 0.5% respectively. *[The Hindu]*

Incredible India 3.0, policy changes and aggressive marketing needed to project India as a popular tourist destination - Niti Aayog: With Covid behind us, the Niti Aayog has recommended a slew of measures to revive the Indian tourism Industry and enable industry stakeholders to overcome the financial woes arising out of the pandemic. *[BusinessToday]*

FMCG sector to witness 7-9% rise in revenue this fiscal - CRISIL: Revenue of the fast-moving consumer goods (FMCG) sector is expected to grow 7-9% this fiscal, slightly slower than the 8-9% clip of the past two fiscal years. *[The Economic Times]*

India's three-wheeler sales jump 75% in June, CV retails surpass pre-Covid levels: India's three-wheeler segment witnessed a 75 per cent growth in June on an annual basis while commercial vehicle retails surpassed pre-Covid levels, as per data released by the Federation of Automobile Dealers Associations (FADA). *[The Economic Times]*

Cement capacity to increase by 6% in FY24 - ICRA: ICRA expects a volumetric growth of 7-8% year-on-year for cement output in FY 2024, supported by demand from the housing and infrastructure sectors, while cement prices are expected to largely sustain at previous year's levels. *[The Economic Times]*

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