

# Industry Matters

Weekly Updates

August 04, 2023



## Economy, Industry and Policy

**India manufacturing PMI softens in July to three-month low - S&P Global:** Indian manufacturing continued to maintain strong growth momentum at the start of the third quarter amid ongoing buoyant demand, even as the Purchasing Managers' Index (PMI) for the sector fell slightly to a three-month low of 57.7 in July from 57.8 in June. *[Business Standard]*

**Indian banks financially strong and outperforming global peers - McKinsey:** Indian banks have outperformed global peers on financial parameters, driven by strong profitability, higher growth expectations and prudent risk management. *[The Economic Times]*

**Core sector growth touches 5-month high of 8.2% in June:** India's core sector growth accelerated to 8.2% in June, the fastest in five months, as a capital expenditure push by the central and state governments supported expansion in cement and steel sectors, while energy-related products witnessed improvements. *[The Economic Times]*

**India's services sector growth climbs to 13-year high in July on pick-up in international sales - PMI:** The seasonally adjusted S&P Global India Services PMI Business Activity Index rose from 58.5 in June to 62.3 in July, signalling the sharpest increase in output since June 2010. *[Financial Express]*

**Cabinet approves PLI scheme worth Rs 1.97 trillion for 14 sectors:** Keeping in view India's vision of becoming 'Atmanirbhar', production-linked incentive (PLI) schemes for 14 key sectors have been announced with an outlay of Rs 1.97 trillion to enhance India's manufacturing capabilities and exports. *[Business Standard]*

**Government gets over Rs 3,400 crore dividend from NIIF, ECGC:** The government has received over Rs 3,400 crore as dividend tranches from NIIF and ECGC. The government has already mopped up Rs 5,200 crore as dividend from public sector companies so far in the current fiscal. *[The Economic Times]*

**Centre, states collect ₹1.65 trillion in GST revenue in July:** This is the fifth time that GST revenue collection has remained above the ₹1.6 trillion mark, said a statement from the finance ministry. The government's estimate for monthly average collection this fiscal is ₹1.65 trillion. *[Mint]*

**FMCG companies see strong growth in digital revenues in Q1:** An uptick in digital demand and sales through e-commerce and quick commerce led to strong revenue growth of Fast-Moving Consumer Goods (FMCG) players in the first quarter of FY24. *[Business Line]*

**At ₹2.78-lakh crore, capex reaches 28% of BE in April-June:** High capital expenditure coupled with lower growth in tax collection widened fiscal deficit during the first three months (April-June) of fiscal year 2023-24 to a little over 25 per cent of the annual target of ₹17.87-lakh crore. *[Business Line]*

**Cumulative proptech investments in India surpass \$4 billion:** In the first half of 2023, cumulative proptech investments in India surpassed the \$4 billion milestone since 2009 with segments including co-living and co-working securing the majority share, according to Housing.com. *[Business Line]*

**Centre's gross market borrowing hits Rs 5.77 lakh cr until July this fiscal - FM:** The Central government has raised more than 37% of its FY24 target of gross market borrowing through dated securities in the first four months. *[The Economic Times]*

**India's April-June fiscal deficit at Rs 4.51 lakh crore, widens on-year to 25.3% of FY23 aim:** Total receipts stood at 5.99 lakh crore rupees, while overall expenditure in April to June was at 10.51 lakh crore rupees. They were 22.1% and 23.3% of this fiscal year's budget target. *[The Economic Times]*

**Corporation tax mop-up slips 14%; total tax collection in Q1 rises 3.38%:** Collections from the corporation tax declined nearly 14 per cent year-on-year (YoY) to Rs 1.38 trillion in the first quarter of this financial year (Q1FY24), from Rs 1.61 trillion, despite signs of economic recovery. *[Business Standard]*

**India set to be third-largest economy by FY28 - SBI Research:** The team said the figures, which would see India surpass Japan and Germany and account for 4% of the global GDP share, were achievable with growth rates anywhere between 6.5% to 11.5%. *[The Economic Times]*



## Foreign Investment

**Brookfield Asset Management, RIL sign MoU to explore renewable opportunities in Australia:** Brookfield Asset Management and Reliance Industries Ltd said they had signed a Memorandum of Understanding (MoU) to explore opportunities to manufacture renewable energy and decarbonization equipment in Australia. *[The Hindu]*

**FPIs' shareholding in HDFC Bank reaches record high; private banks attract foreign investments:** As per the latest data, FPI shareholding in India's largest private sector bank stood at 54 per cent at the end of the June 2023 quarter against 32 per cent at the end of the corresponding quarter of the previous fiscal. *[Business Line]*

**Battery maker IBC to set up plant in Karnataka for nearly \$1 billion:** International Battery Company (IBC) has signed an investment pact worth Rs 8,000 crore (\$971.89 million) with Karnataka to build a battery manufacturing facility. *[Business Line]*

**FPIs' buying spree continues; invest ₹45,365 crore in equities in July:** Foreign portfolio investors (FPIs) continue with their buying spree in July with a net infusion of ₹45,365 crore in Indian equity markets on stable macroeconomic fundamentals and steady earnings growth. *[The Hindu]*

**Tesla's Chinese vendors may get to Make in India:** India could consider allowing Tesla's foreign vendors, notably those based in China, to manufacture critical components in the country but the government is not in favour of any company-specific exemptions. *[The Economic Times]*



## Trade Policy and Competitiveness

**U.S. biggest export destination for Indian smartphones in April-May - Govt data:** India exported \$2.43 billion worth of smartphones in April-May this fiscal, driven by a multifold jump in shipments to the U.S. which emerged as the biggest destination for India-made devices. *[The Hindu]*

**India, UK close to concluding FTA talks, working to iron out issues on IPRs, rules of origin:** India and the UK are 'very close' to concluding negotiations for a proposed free trade agreement as both sides are working to iron out differences on issues including investment treaty, intellectual property rights (IPRs), and rules of origin. *[The Economic Times]*

**RBI approves 34 applications of Russian banks to open rupee accounts:** The Reserve Bank of India has approved 34 applications of different Russian banks for opening rupee accounts with Indian banks to facilitate two-way trade in view of sanctions. *[Financial Express]*

**India should prepare its exporters to deal with compliance norms of EU's deforestation regulation:** "Indian exports may take a bigger hit than exports from other competing countries to the EU because of India's higher deforestation rate," the report said, adding India's exports will also be affected by the complex compliance requirements of the EUDR and the EU's Foreign Subsidies Regulation (FSR). *[The Economic Times]*

**Government imposes import restrictions on laptops, tablets:** The move is expected to cut imports from countries like China. "Import of laptops, tablets, all-in-one personal computers, and ultra small form factor computers, servers... is 'restricted' with immediate effect. *[Financial Express]*



## Corporate Governance

**Adani group-company Ambuja Cement to buy Sanghi Cement for Rs 6,000 cr:** The Adani group will invest Rs 4,500 crore in acquiring the promoters' stake and take over the company's debt of around Rs 1,500 crore. *[Business Standard]*

**Fintech company CRED launches RuPay credit card-based UPI payments:** Fintech firm CRED introduced RuPay credit card-based Unified Payments Interface (UPI) payments for its members, in collaboration with the National Payments Corporation of India (NPCI). *[Business Line]*

**Tata Consumer, ITC among companies keen to buy into Fabindia-backed Organic India:** Tata Consumer Products and ITC Foods are among select companies that have initiated talks to acquire a significant stake in Fabindia-backed organic teas and health products maker Organic India. *[The Economic Times]*



## MSMEs and Start-ups

**India makes goods manufacturing practice, Schedule M mandatory for MSME pharma firms:** India has asked pharma companies to complete and obtain a certificate for good manufacturing practices (GMP) over the next 6 to 12 months. Of the 10,500 manufacturers in India, including MSMEs, only 2,000 of them — mainly exporters — have a good manufacturing practice certificate. *[Business Line]*

**Valuation of 10 unicorns is below a billion dollars:** Data sourced from Tracxn suggests that the number of unicorns in the country may have come down to 98, as the valuation of 10 of them has dropped below a billion dollars. *[Business Line]*

**88% of SMEs have a digitalisation strategy in place:** A survey of 435 respondents from SMEs and enterprises by software reviews and selection platform Capterra India, a Gartner subsidiary, on Monday noted that 88 per cent of respondents said their firm has a digitalisation strategy in place. *[Financial Express]*

**SemiconIndia future DESIGN DLI - Two more MSMEs added to India's grand vision of becoming semiconductor hub:** The Ministry of Electronics and IT (MietY) has picked two more MSMEs/startups Aheesa Digital Innovations and Calligo Technologies under its SemiconIndia future DESIGN DLI (Design-Linked Incentive) scheme. *[Financial Express]*

**Q1 FY24 - MSME-focused MAS Financial Services reports 26% AUM growth, PAT jumps 25%:** Retail financing company MAS Financial Services, which specialises in MSME financing, has reported 26.23 per cent growth in assets under management (AUM) and 25.38 per cent growth in profit after tax (PAT) for the quarter ended June 30, 2023, from the year-ago quarter. *[Financial Express]*



## Employment and Industrial Relations

**India's construction sector second largest employment generator:** India's construction sector is the second largest employment generator with 7.1 crore workforce employed currently and the number is set to cross 10 crore by 2030. *[The Economic Times]*

**EPFO received highest ever total contribution of over Rs 64,800 cr during 2022-23 - Labour Ministry:** The Employees' Provident Fund Organisation received a total contribution of Rs 64885.60 crore during 2022-23, the highest ever under its Employees' Pension Scheme. *[The Economic Times]*

**Govt panel suggests sharp hike in NREGS wage rates, budgetary outlay:** A high-level government panel, tasked with recommending changes to make the rural job guarantee scheme more effective, has called for a significant increase in the extant wage rates--over and above the recent annual hike. *[The Economic Times]*

**62% corporate employees get salary hikes, small cities do better:** As many as 62 per cent corporate employees of various years of experience and across industries received salary hikes this year, said a report on Tuesday, marking a hopeful note despite an uncertain job market. *[Business Standard]*

**700,000 new gig jobs to come up between July and December - TeamLease:** As e-commerce companies gear up to tackle high demand in the upcoming festive season, India is likely to see 500,000 new jobs for gig workers. *[Business Standard]*

**India's top 4 IT firms saw headcount drop by nearly 20,000 in Q1. Know more:** Indian biggest IT companies lost nearly 20,000 employees in the first quarter of FY24. According to Q1 data released over the past few days. *[Mint]*

**Hiring for white collar jobs in India falls 19 pc in July:** Hiring for white collar jobs declined 19 per cent in July compared to the year-ago period as many sectors, including FMCG, retail, insurance and education, witnessed cautious recruitment sentiments. *[The Economic Times]*



## Industrial Finance

**ADB, Centre sign \$200 million loan for expanding urban services in Rajasthan:** The central government and the Asian Development Bank (ADB) on Friday signed a USD 200 million loan as additional financing for the ongoing Rajasthan Secondary Towns Development Sector Project. *[The Economic Times]*

**Credit offtake shows robust growth driven by HDFC merger:** Credit offtake continued to show robust growth, increasing by 20.2% year on year (YoY) to reach Rs. 147.6 lakh crore for the fortnight ending July 14, 2023. *[The Economic Times]*

**NBFCs maintain growth in Q1, wary of rising unsecured retail leverage:** Non-banking financial companies (NBFCs) maintained their growth momentum in Q1 FY24 led by strong demand for retail, especially unsecured, loans and a pick-up in the rural and semi-urban economy. *[Business Line]*

**Business loans pick up in Q1 after trailing retail credit in FY23 - RBI:** Incremental bank loans to businesses have outpaced retail loans in the first quarter of FY24. The share of industry and services in incremental bank loans for the June quarter stood at 51% as compared to 46% in FY23. *[The Economic Times]*



## Technology and Innovation

**India to give 50 per cent financial assistance to firms for setting up semiconductor manufacturing facilities in country - PM Modi:** Technology firms will be given 50 per cent financial assistance for setting up semiconductor manufacturing facilities in the country. *[The Economic Times]*

**Sahasra Semiconductors to start assembling chips in two months:** Sahasra Semiconductors will start assembling and packaging memory chips at its plant in Rajasthan's Bhiwadi from September or early October. *[Financial Express]*

**UPI transactions grow 44% to ₹15-lakh crore in July:** Transactions using the UPI (Unified Payments Interface) network touched a record high in July 2023, both in terms of volume and value, after witnessing a slight dip in June. *[Business Line]*

**India card payments market to surpass \$728 billion in 2027, forecasts GlobalData:** India's card payments market is expected to almost triple from \$262.1 billion in 2022 to \$728.2 billion in 2027, driven by rising consumer spending. *[The Economic Times]*

**In next two decades, India will make civilian aircraft engines - Former DG of DRDO:** India will be in a position to manufacture engines for commercial airliners in the next two decades with scientists working on developing civilian aircraft engines. *[The Hindu]*



## Industrial Infrastructure, Clusters and SEZs

**As many as 393 infra projects show cost overruns of ₹4.64 lakh cr in June:** As many as 393 infrastructure projects, each entailing an investment of ₹150 crore or more, have been hit by cost overruns of more than Rs 4.64 lakh crore in June 2023. *[The Hindu]*

**Foxconn commits ₹5,000 crore investment in Karnataka, set to generate 13,000 jobs:** Taiwanese electronics contract manufacturer Foxconn has signed a Letter of Intent (LOI) with the government of Karnataka for two projects with an estimated investment outlay of ₹5,000 crore, expected to generate 13,000 jobs. *[Business Line]*

**Centre sanctions upgradation of 91 roads, 30 bridges in Arunachal under PMGSY: Rijiju:** Union Minister Kiren Rijiju on Sunday said the Centre has sanctioned the upgradation of 91 roads covering a length of 720.75 kilometres and 30 long-span bridges in Arunachal Pradesh. *[The Economic Times]*



## Sustainable Industrialisation

**Over one-fourth of total electricity production in 2022-23 from non-fossil fuels - R K Singh:** The share of non-fossil fuel in the total electricity production during the year 2022-23 and the current year up to May 2023, stood at 25 per cent and 22 per cent, respectively. *[The Economic Times]*

**NITI Aayog proposes incentives for processing and refining of minerals in lithium-ion batteries:** NITI Aayog has proposed incentives in the form of royalty and tax benefits along with a production linked incentive scheme for processing and refining of critical minerals used in lithium-ion batteries as well as their extraction through recycling to manufacture key battery components in India and boost domestic value addition. *[The Economic Times]*



## Sectoral News

**India's power consumption grows by 8.4 pc to 139 billion units in July:** The country's power consumption grew by 8.4 per cent to 139 billion units in July this year compared to the same month last year. In the year-ago period, power consumption stood at 128.25 billion units (BU), higher than 123.72 BU in July 2021. *[The Economic Times]*

**Passenger vehicle despatches record the best July ever:** Sales of passenger vehicles continued their strong run in the local market in July, driven by sport utility vehicles like the Maruti Suzuki Brezza and Hyundai Creta, even as demand for small cars remained subdued due to pressure on disposable income among entry-level customers. *[The Economic Times]*

**Over 3 lakh 5G sites installed within 10 months of service launch - Vaishnav:** "The world's fastest 5G rollout continues. Over 3 lakh 5G sites installed in 714 districts," Vaishnav said on social media platform Koo. Reliance Jio and Bharti Airtel are the only telecom operators rolling out 5G services in the country. *[The Economic Times]*

**Many companies fail to make required investments under auto PLI plan:** About a third of the 95 automotive and auto component companies qualifying for the sectoral production-linked incentives (PLI) scheme did not make the requisite investments in the first year of the support programme. *[The Economic Times]*

**Gems, jewellery exports likely to improve in second half of FY24 - GJPEC:** GJPEC is exploring new markets, including Vietnam, Cambodia, Thailand, Myanmar, Bangladesh and Sri Lanka, to boost exports. *[The Economic Times]*

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