

Industry Matters

Weekly Updates

August 11, 2023



Economy, Industry and Policy

Niti Aayog looking at tax related issues of engineering, leather, textile industry: Industry representatives of leather and engineering sectors said that they have shared a list of GST (Goods and Services Tax) and inverted duty structure-related issues with the Niti Aayog. *[The Economic Times]*

Government lost Rs 1 lakh crore in taxes in FY'21 due to corporate tax cut, says MoS Finance: The Indian government lost over INR 1 lakh crore in FY 2020-21 due to a cut in corporate taxes announced in September 2019. The base corporate tax for existing companies was reduced to 22%, while for new manufacturing firms it was cut to 15%. Companies opting for these new rates had to give up all exemptions and incentives. *[The Economic Times]*

Centre looks to front-load capex, use 60% of budgeted amount by October: The Centre is looking to frontload its capital expenditure for the current fiscal and plans to use at least 60% of the budgeted Rs 10 lakh crore for 2023-24 by October or November. *[BusinessToday]*

Transactions worth Rs 1.3 lk cr completed under Natl Monetisation Pipeline in FY23: Transactions with aggregate monetisation value of about Rs 97,000 crore and Rs 1.3 lakh crore were completed during 2021-22 and 2022-23 respectively in terms of accruals or private investment under the National Monetisation Pipeline. *[The Economic Times]*

Cabinet approves Rs 1.39 lakh cr for connecting 6.4 lakh villages with broadband: The Union Cabinet has approved a last-mile broadband connectivity plan for 6.4 lakh villages across the country under the BharatNet project with an outlay of Rs 1.39 lakh crore. *[The Economic Times]*

Unclaimed deposits of Rs 48,461 crore transferred to Depositor Education & Awareness Fund: Unclaimed deposits worth Rs 48,461.44 crore pertaining to 16,79,32,112 accounts have been transferred by the banks to Depositor Education & Awareness Fund as on March 31, 2023. *[The Economic Times]*

Medical devices PLI - From Atmanirbhar to global leadership: The policy envisages India emerging as the global leader in the manufacturing and innovation of medical devices by achieving a 10-12% share in the expanding global market over next 25 years. *[Mint]*

PLI 2.0 in works for steel, to focus on import substitution: The steel ministry is likely to come up with PLI-2 which will further take care of the requirements of the Indian Railways and various other segments. *[The Economic Times]*

Domestic electronic manufacturing rises to Rs 8.25 lakh crore; semicon import at Rs 1.29 lakh crore in 2022-23: Indigenous production of electronic goods in the country more than doubled to Rs 8.25 lakh crore in 2022-23 from Rs 3.88 lakh crore in 2017-18, Parliament was informed on Wednesday. *[The Economic Times]*

GST collections - Tamil Nadu & Karnataka keep up with their impressive performance in South: Tamil Nadu and Karnataka have outpaced the all India average in GST collections in July, keeping up with their impressive performance in the first four months of this fiscal year. *[The Economic Times]*

PE Investment in Indian Realty recorded at \$1.92 bn in Q2, up 60%: The Indian Real Estate Sector recorded robust private equity investment of \$1.92 bn in Q2 2023, highlighting investor confidence in the market after a marginally subdued Q1. This is 63% higher than the previous quarter (Q1-23) and 60% higher than the same period last year. *[The Economic Times]*



Foreign Investment

Make in India increases record-breaking FDI inflows in manufacturing sector: In yet another major achievement of the Make in India initiative, FDI equity inflow in the manufacturing sector between 2014-2022 has increased by 57% over the previous 8 years. *[Newsonair]*

Indian firms' funding costs from FPIs to rise by up to 40 bps - JP Morgan: Changes to India's withholding tax regime will increase borrowing costs for Indian companies raising money from foreign investors by about 30 to 40 basis points. *[The Economic Times]*

FPIs take a breather; withdraw ₹2,000 crore in first week of August: After five months of sustained buying, foreign investors have turned net sellers and pulled out over ₹2,000 crore from the Indian equities in the first week of August, mainly due to Fitch downgrading the credit rating for the U.S. *[The Hindu]*

China foreign investment gauge hits 25-year low: One measure of new foreign investment in China fell to the lowest level in 25 years in the second quarter, fueling concerns about how much geopolitical tensions and the economy's slowing recovery can hurt business confidence. *[The Economic Times]*



Trade Policy and Competitiveness

Coastal shipping traffic constantly increased in India in last three years: Union Minister for Ports Sarbananda Sonowal: Under Sagarmala Programme, various initiatives and projects have been undertaken to facilitate the shifting of cargo from conventional land-based transportation to coastal shipping mode. *[Financial Express]*

India, US mutually resolve 2 trade disputes - WTO: The World Trade Organization (WTO) on Tuesday said that two separate dispute settlement panels have stated that India and the US have mutually resolved disputes with regard to certain measures on steel and aluminium products, and additional duties on certain products from the US. *[The Economic Times]*

India, Italy to soon sign MoU in defence sector, says Ambassador Luca: Italy's Ambassador to India Vincenzo De Luca on Thursday said the two countries will soon sign a bilateral pact in the defence sector to ramp up their military ties and maintained Rome was working hard to contribute to the Make in India programme. *[Business Standard]*

More countries, including Japan, a few from the West, interested in UPI linkages - RBI: The Reserve Bank on Thursday said the internationalization of the unified payments interface (UPI) system is a work in progress as it works towards linking it with more and more overseas counterparts, including some in the West and Japan. *[The Economic Times]*

Licence Regime - Laptop, Tablet majors set to increase imports: Companies such as Apple, HP, Lenovo, Asus and Xiaomi are looking to ship in as many laptops and tablets as possible to the country before import restrictions kick in on November 1. *[The Economic Times]*

India exported Ayush, Herbal products worth \$1,240 mn in last two years - Govt: A total of 612.1 million dollar Ayush and Herbal products were exported in 2021-2022 while 628.25 million dollar Ayush and Herbal products were exported in 2022-2023. *[The Economic Times]*

India's toy exports up 60 per cent to \$326 million from financial year 2019-2023: India's toy exports increased 60 per cent from USD 203.46 million in 2018-19 to USD 325.72 million in 2022-23. *[The Telegraph]*

China makes up 30 per cent of India's auto component import: China was the biggest source of auto components import, accounting for 30%, in FY21-22 as well. Component imports in India grew by 10.9% in FY23 to Rs 1.63 lakh crore (\$20.3 billion) from Rs 1.36 lakh crore (\$18.3 billion) in 2021-22. *[The New Indian Express]*

Technical talks on India-Peru Free Trade Agreement start: Technical teams of India and Peru have started negotiations on the modalities and scope of the proposed Free Trade Agreement (FTA) which will lay down the basis of negotiations. *[Financial Express]*



Corporate Governance

NCLT approves Zee Ent-Sony India merger, dismisses all objections: The National Company Law Tribunal (NCLT) has cleared the merger of satellite TV broadcasters Zee Entertainment Enterprises (ZEEL) and Japanese entertainment major Sony India's television (TV) business, creating the country's largest TV network company with a 26 per cent market share. *[Business Standard]*

Demand for essential items at decade-high levels: Purchases of daily groceries and essentials increased 8.5% year-on-year in the April-June quarter, highest in a decade, helped by recovery in rural markets and higher offtake of voluminous product categories, especially atta. *[The Economic Times]*

After retail and telecom, Ambani casts eye on financial services, new energy business: After creating India's largest retailers and telecom operator in the shortest span of time, billionaire Mukesh Ambani has now set his sight on propelling newly-carved financial services business unit into country's largest non-banking lender while transitioning the conglomerate to net carbon zero by 2035. *[The Economic Times]*



MSMEs and Start-ups

MSME registration - 37 lakh informal micro enterprises registered on Udyam Assist Platform in 7 months: The government's new Udyam Assist Platform (UAP) launched in January this year — which allows informal micro enterprises (IMEs) not registered under Goods and Services Tax (GST) to get the Udyam registration certificate — has 35 lakh units registered as of August 3, 2023. *[Financial Express]*

Amazon India signs pact with Gujarat Govt, EDII to boost state's exports: Amazon India on Monday said it has signed a Memorandum of Understanding (MoU) with the Entrepreneurship Development Institute of India (EDII) and the Cottage and Rural Industries Department, Government of Gujarat, to help drive e-commerce exports from the state. *[The Economic Times]*

MSME influencers forum launched to promote small & medium units growth: An MSME influencer forum has been launched to promote micro, small and medium enterprises and raise awareness about various government schemes to boost their growth. *[Business Standard]*

India's startups add gains of \$400 mn to SoftBank's Vision Fund in Q1: Japanese investment firm SoftBank's Indian portfolio startups — Zomato, Paytm, Delhivery, and PB Fintech — collectively contributed gains of over \$400 million to the SoftBank Vision Fund (SVF) during the quarter ended June 2023. *[Business Standard]*

MSME-Specified Products' Share In All India Exports In 2022-23 Stood At 43.6% - Govt: The share of export of micro, small and medium enterprises (MSME) specified products in all India exports during the year 2020-21, 2021-22 and 2022-23 was 49.4 per cent 45.0 per cent and 43.6 per cent respectively. *[Businessworld]*



Employment and Industrial Relations

Indian Railways announces over 2.4 lakh vacancies for various posts: The Indian Railways recruitment website also informed that the department is gearing up to release more than 2.4 lakhs vacancies shortly, primarily aimed at Safety staff, Assistant Station Masters (ASM), Non-Technical Popular Categories (NTPC), and Ticket Collectors (TC). *[Financial Express]*

'Washout year for IT' - Infosys, Wipro, TCS and others to hire 40% less in FY24: Hiring by India's top IT exporters is expected to drop by nearly 40% on-year in the current fiscal, underscoring the demand uncertainty and slowdown in technology services that is weighing down the \$245-billion industry. *[The Economic Times]*



Industrial Finance

New guidelines soon on banks resetting tenor & EMI of your home loans: The Reserve Bank of India (RBI) will issue guidelines to banks and housing finance companies (HFCs) on resetting the tenor and/or equated monthly instalments (EMIs) after it found "several instances of unreasonable elongation" of floating rate tenor by lenders without proper consent or communication to borrowers. *[The Economic Times]*

Monetary policy review - RBI holds rates steady as inflation looms large: The Reserve Bank of India (RBI) on Thursday kept the repo rate unchanged at 6.5 per cent for the third straight policy review while ignoring the expected spike in July retail inflation even if it tightened liquidity conditions. *[Business Standard]*

Banks write off Rs 14.56 lakh crore NPAs in last nine financial years: Banks have written off bad loans worth Rs 14.56 lakh crore in the last nine financial years starting 2014-15, Parliament was informed on Monday. Out of the total Rs 14,56,226 crore, written off loans of large industries and services stood at Rs 7,40,968 crore. *[The Economic Times]*

With eye on deposits, Indian banks go on a branch opening spree: Indian banks, especially those in the private sector, are defying the notion that digital transactions would render physical branches obsolete. Instead, they are aggressively expanding their branch networks to garner deposits and better serve customers, particularly in semi-urban and rural areas. *[The Economic Times]*



Technology and Innovation

Industrial products and manufacturing sector sees maximum AI adoption rates - PwC: Following the Covid-19 pandemic, Indian enterprises have begun to adopt advanced analytics and data-driven decision making. The industrial products and manufacturing sector has seen the maximum adoption of Artificial Intelligence and Machine Learning(AI/ML) over the last two years. *[Business Line]*

E-commerce industry in India records 26% growth in orders in FY23: The e-commerce industry in India has recorded a 26.2% YoY order volume growth in FY2023, mainly driven by a 23.5% rise in annual GMV (Gross Merchandise Volume) compared to the previous financial year. *[The New Indian Express]*

GeM enabled govt to save over Rs 45,000 crore since 2016 - Commerce Ministry: It also said that the portal has surpassed the achievements of renowned public procurement platforms such as South Korea's KONEPS and Singapore's GeBIZ. *[Financial Express]*

No pin needed - RBI raises payment limit on UPI lite from Rs 200 to Rs 500: To encourage wider adoption of the offline mode of payments and to bring in more use cases, the Reserve Bank of India has now proposed to increase the per transaction limit on UPI Lite to Rs 500 from the current Rs 200. *[Business Standard]*



Industrial Infrastructure, Clusters and SEZs

Indian Railways to redevelop 135 stations in West Bengal, Uttar Pradesh and Maharashtra: Under the Amrit Bharat Station Scheme, the Ministry of Railways has decided to redevelop railway stations across the country. It has been decided to transform 1309 stations to enhance the overall passenger experience. The scheme will breathe new life into travel hubs. *[Financial Express]*

Larsen & Toubro planning to invest as much as \$12 bn over next five years: India's largest engineering and construction company Larsen & Toubro Ltd. plans to invest as much as \$12 billion over the next five years, a third of which will go toward expanding its clean energy business. *[Business Standard]*

GCPL to invest Rs 515 cr to build new factory in Tamil Nadu: FMCG major Godrej Consumer Products Ltd (GCPL) on Thursday signed a memorandum of understanding (MoU) with the government of Tamil Nadu to set up a manufacturing facility in the state, entailing an investment of Rs 515 crore over the next five years. *[Financial Express]*

NLC's 1st coal-based supercritical thermal power plant to be operationalise by year-end; will generate 1478 MW for UP & 492 MW for Assam: In a bid to improve the power infrastructure in the country, the NLC India Limited has decided to operationalise the Ghatampur thermal power plant by December-end. The plant will have the capacity to generate three X 660 MW of powers. *[Financial Express]*



Sustainable Industrialisation

NHPC Plans to build pumped hydro storage projects of 22,000 MW: State-owned NHPC Ltd is exploring to develop around 20,000-22,000 MW of pumped hydro energy storage projects in the coming years. *[The Economic Times]*

'Exide's Karnataka lithium facility progressing well to start operations': Subir Chakraborty, managing director and chief executive of Exide Industries, on Tuesday said the commercial production of the first phase of the company's lithium-ion cell manufacturing project in Karnataka is expected by the end of the next financial year 2025. *[The New Indian Express]*

Govt sets up task forces to drive decarbonization, quality enhancement in steel industry: These task forces have been tasked with the mission of deliberating on strategies and recommendations to facilitate the decarbonization of the steel sector. *[Mint]*

Andhra ranks fifth in solar power generation - Centre: With a cumulative solar power capacity of 4552.12 MW, Andhra Pradesh stood fifth for generating 8,140.72 million units of solar power in 2022-23. [*The New Indian Express*]

SJVN signs pacts with ONGC, Sambhar Salts to set up solar projects, parks: State-owned SJVN Ltd has signed initial pacts with Oil & Natural Gas Corporation (ONGC) and Sambhar Salts Limited (SSL), a subsidiary of Hindustan Salts Limited for development of solar parks and projects. [*The Economic Times*]



Sectoral News

Laptop makers seek more time to start manufacturing in India: Laptop manufacturers on Tuesday urged the government to give them a longer transition period to start manufacturing in the country. [*The New Indian Express*]

Auto component industry reports highest turnover in FY23; aims to log double-digit growth this fiscal: The domestic auto component industry expects to log in double-digit sales growth in the current fiscal after having reported its highest-ever turnover in 2022-23, as demand is expected to remain robust. [*The Economic Times*]

Construction equipment sales grow in Q1FY24 as govt increases infra spending: Construction equipment (CE) sales rose 18 per cent y-o-y to 27,244 units during Q1 FY24 aided by the government's thrust on infrastructure spending. [*Business Line*]

India's July fuel demand up 1.9% year on year: India's fuel consumption, a proxy for oil demand, rose by 1.9% year-on-year in July to about 18.09 million tonnes, data from the Petroleum Planning and Analysis Cell (PPAC) of the oil ministry showed on Tuesday. [*The Economic Times*]

Robust demand, positive sentiment push housing prices up 7% in June quarter: Amid robust housing demand backed by continued positive homebuyer sentiment and stable interest rates, housing prices across the top eight Indian cities increased 7 per cent in the quarter that ended on June 30 as compared to the same period last year. [*Business Standard*]

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