

Industry Matters

Weekly Updates

September 29, 2023



Economy, Industry and Policy

JPMorgan sees India in its top 3 fastest-growing Asia markets in 2024: India could be among the three fastest growing markets for JPMorgan in the Asia Pacific region next year, alongside Australia and Japan, said a top official at the Wall Street bank. *[The Economic Times]*

Marginal credit boost - Fitch on India's inclusion in JP Morgan's bond index: The recent inclusion of Indian sovereign bonds in a key emerging market bond index managed by JP Morgan has been deemed to have "marginal" positive effects on India's credit profile in the near term, according to Fitch Ratings. *[Business Standard]*

Tax demand on online gaming companies likely to top Rs 1.5 trillion: The Directorate General of GST Intelligence (DGGI) has issued notices to several online real money gaming firms for alleged tax evasion and the total goods and services tax (GST) demand could exceed Rs 1.5 trillion once all the pending notices are served, industry players indicated on Tuesday. *[Business Standard]*

India set to implement 28% GST on online gaming from October 1: The Central Board of Indirect Taxes and Customs (CBIC) Chairman, Sanjay Agarwal, has announced that India is prepared to implement a 28 per cent Goods and Services Tax (GST) rate on online gaming starting from October 1. *[The Economic Times]*

India considering Rs 60,000 crore housing loan interest subsidy scheme: India is considering spending Rs 60,000 crore (\$7.2 billion) to provide subsidised loans for small urban housing over the next five years. *[The Economic Times]*

India sees robust surge in investments, marking 127% YoY growth in August 2023 - PE/VC report: Investments in India totalled \$5.2 billion through 67 deals, while exits reached \$4.3 billion across 37 deals, with more than half of the exit value coming from open market sales. *[The Economic Times]*

India's external debt at USD 629.1 bn at June-end - RBI: India's external debt rose marginally to USD 629.1 billion at June-end 2023, although the debt-GDP ratio declined, according to a Reserve Bank data released on Thursday. The debt rose by about USD 4.7 billion from USD 624.3 billion at March-end. *[The Economic Times]*

New GST rules to tighten compliance for foreign digital service providers: Starting October 1, foreign companies such as Netflix, Spotify, and Hotstar, providing a wide range of digital services to users in India, will face stricter compliance norms on goods and services tax (GST). *[Business Standard]*



Foreign Investment

FPIs pull out \$1.7 bn in Sept amid rising US bond yields, worst since Jan: September is currently on track to record the worst foreign portfolio investor (FPI) flows into Indian equity markets since January. This month so far, FPIs have withdrawn Rs 13,837 crore (\$1.7 billion) on a net basis from domestic equities amid rising US bond yields and a surge in oil prices. *[Business Standard]*

JPMorgan M&A head sees up to \$150 billion funds focused on India: Investors have about \$2 trillion of funds available to invest, and about \$100 billion to \$150 billion of that is focused on India, according to Anu Aiyengar, JPMorgan Chase & Co.'s global head of mergers and acquisitions. *[The Economic Times]*

Inter-ministerial discussion underway to ease FDI norms in space sector: An inter-ministerial discussion is going on to further liberalise foreign direct investment norms in the space sector to attract overseas players and private companies. *[The New Indian Express]*

Abu Dhabi's IHC to dispose investment in Adani Green Energy and Adani Transmission: A definitive agreement has been reached with the buyer to dispose of its fdi investment in Adani Green Energy and Adani Transmission. *[The Economic Times]*



Trade Policy and Competitiveness

India's current account deficit almost halves to \$9.2 billion in June quarter: India's current account balance- the difference between country's exports and imports almost halved to a deficit of \$9.2 billion in the June quarter from \$17.9 billion in the same period a year ago as lower global crude and commodity prices helped narrow the merchandise trade deficit and higher software exports helped in lowering the current account deficit. *[The Economic Times]*

Deeper participation in global value chains to help India add \$1.2 tn to foreign trade by 2030 - GTRI: Steps like streamlining port and customs operations, and setting up of national trade network will help Indian firms integrate with global value chains and add USD 1.2 trillion in the country's foreign trade by 2030. *[The Economic Times]*

RoDTEP extension to help boost exports, create jobs - CII EXIM committee chairman: The government's decision to extend export benefits under the RoDTEP scheme till June 2024 will help boost domestic manufacturing, exports and create jobs. *[The Economic Times]*

Annual registration required for IT hardware importers under new system: Importers of laptops, tablets, and other IT hardware will need to apply for fresh registration annually as part of the government's new import monitoring system. *[Business Standard]*

Jul-Sept FY24 goods exports seen 4.8% down on year - EXIM Bank: The Export-Import Bank of India expects the country to clock 4.8% lower merchandise exports in the second quarter of 2023-24 as against the previous fiscal, pulled down by a slowdown in its major trading partners and global geopolitical uncertainty. *[The Economic Times]*

Traders flag slow labour-intensive exports' growth: Exporters have raised concerns with the government about slow growth of labour-intensive exports such as garments, gems and jewellery, marine products, and plastics, over the past few years, compared to Bangladesh, China, and Vietnam. *[The Economic Times]*

Exports of cut and polished diamonds estimated to decline by 22% in FY2024 - ICRA: ICRA expects India's exports of cut and polished diamonds (CPDs) to fall by 22% to \$17.2 billion in FY2024, amid weakened demand from the key consuming nations. *[The Economic Times]*



Corporate Governance

Cosmos Coop Bank merges Sahebrao Deshmukh Co-op Bank with itself: Pune-based Cosmos Coop Bank has merged Mumbai-based troubled Sahebrao Deshmukh Co-operative Bank (SDC Bank) with itself. With this, Cosmos has added 11 branches to its network – 10 in Mumbai and one in Satara. *[Business Standard]*

Tech giants Apple, Samsung likely to benefit from MeitY's new import regime: Tech giants Apple and Samsung are likely to be the key beneficiaries of the new import management system that is currently being formulated by the Ministry of Electronics and Information Technology (Meity). *[Business Standard]*

Burman family of FMCG major Dabur to take over Religare: Eyeing to increase its presence in the financial space, the Burman family of FMCG major Dabur is all set to acquire a majority stake in the diversified financial services group Religare Enterprises. *[The New Indian Express]*

Emami enters into definitive agreement to acquire 26% of Axiom Ayurveda: Kolkata-headquartered FMCG firm Emami, on Thursday, announced its foray into the health juice category with a 26 per cent strategic stake in Axiom Ayurveda, makers of 'AloFrut', for an undisclosed amount. *[Business Standard]*

Dixon arm to make Xiaomi phones in India: Chinese smartphone maker Xiaomi chose Padget Electronics, a wholly owned subsidiary of Dixon Technologies India, as its contract manufacturer in India. *[The New Indian Express]*



MSMEs and Start-ups

Q3 startups funding least in last 5 years, only 2 unicorns added - Tracxn: The third quarter of 2023 witnessed fund inflows of about \$1.5 billion, 30% down from the previous quarter and a 54% fall from a year ago period. Only two unicorns -- Zepto and Zyber 365 -- were added in the third quarter. *[Mint]*

Flipkart invests in five early-stage tech start-ups: Flipkart's venture investing arm, Flipkart Ventures, will invest in five early-stage start-ups as part of its accelerator programme, Flipkart Leap Ahead (FLA). Five start-ups -- Algomage, Castler, FlexifyMe, NimbleBox.ai, and ReCircle. *[The New Indian Express]*

G20 declaration should spur govt to give big push to MSMEs: The declaration of G20 nations under India's presidency should spur the government to give a big push to the MSME sector by simplifying the regulatory process and enhancing their access to affordable capital. *[The Economic Times]*

Delhivery, AWS, and Nexus Ventures to launch startup accelerator program Velocity: Delhivery, on Tuesday, announced that it has joined hands with PE firm Nexus Ventures and Amazon Web Services(AWS), to launch Velocity-- a six-week startup accelerator program. *[The Economic Times]*



Employment and Industrial Relations

PFRDA asks govt to hike guaranteed pension under Atal Pension Yojana: The Pension Fund Regulatory and Development Authority (PFRDA) has written to the government, requesting an increase in the guaranteed pension amount under Atal Pension Yojana (APY). *[Business Standard]*

EPF, NPS enrollments at four month high, ESIC declines to three-month low: New enrollments in less remunerative jobs declined to a three-month low in July, even as better paying jobs continued to post stronger numbers, according to preliminary data released by the government. *[The Economic Times]*

Edtech firm Byju's to lay off 4,000 employees in major restructuring: Byju's has decided to lay off around 4,000 employees or over 11 per cent of its total workforce over the next few weeks as part of a restructuring exercise as the struggling edtech giant faces a severe funding crunch, battles lenders and has faced a markdown in its valuation. *[Business Standard]*



Industrial Finance

India's bank credit growth likely to moderate to 13-13.5% in FY24 - CRISIL: After clocking a robust 15.9 per cent growth in FY23, the bank credit growth in India is likely to moderate to 13-13.5 per cent in the current financial year (FY24). It will improve to 13.5-14 per cent in the next financial year (FY25) as economic growth picks up, according to rating agency CRISIL. *[Business Standard]*

SIDBI signs pact with DLAI to boost fintech sector: The Small Industries Development Bank of India (SIDBI) on Saturday said it has inked an agreement with the Digital Lenders Association of India (DLAI) to boost the country's fintech sector. *[The Economic Times]*

NARCL makes offers for Rs 1.7 trillion debt, bags only Rs 25K crore: The reluctance of lenders to accept security receipts (SRs) and the time taken in negotiation in connection with the valuation of stressed loans have impacted the work of the National Asset Reconstruction Company Limited (NARCL). *[Business Standard]*

Credit card spending among Indians rises 2.67% to Rs 1.48 trn in August: Credit card spending among Indians rose 2.67 per cent to a new high of Rs 1.48 trillion from Rs 1.45 trillion in July 2023 supported by a healthy increase in Point of Sale (POS) and e-commerce payments. *[Business Standard]*

Efforts on to make NPS available at all bank branches, post offices - PFRDA Chairman: The efforts are to increase the penetration of pension schemes by making the NPS products easily available to the public. *[The Economic Times]*



Technology and Innovation

India retains its 40th position in the Global Innovation Index 2023: India retained its 40th position on the annual Global Innovation Index (GII) 2023 with a score of 38.1, due to its vibrant start-up ecosystem, knowledge capital and the work done by public and private research organisations. *[Business Standard]*

ONDC to open its platform for fintech services like credit, insurance: The Open Network for Digital Commerce (ONDC) is set to expand its services to include financial offerings, such as credit, insurance, investments, and gift cards. This move comes after the platform successfully ventured into sectors like food, grocery, fashion, travel, and electronics. *[Business Standard]*

UPI transaction volume up from 4.6 billion in Jan 2022 to 9.3 billion in June 2023: The Unified Payments Interface (UPI) continues to dominate the payment channel in the country as UPI transaction volume increased from 4.6 billion transactions in January 2022 to 9.3 billion in June 2023. *[The New Indian Express]*

Amazon to invest up to USD 4 billion in Anthropic: Amazon and Anthropic on Monday announced a strategic collaboration that will bring together their respective technology and expertise in generative artificial intelligence (AI) to accelerate the development of Anthropic's future models and make them accessible to AWS customers. *[The New Indian Express]*

'Digital infra helped government save USD 27 billion': Economic Affairs Secretary Ajay Seth on Friday said digital public infrastructure (DPI) has led to savings of over \$27 billion in government schemes. *[The New Indian Express]*

HP partners with Google to make Chromebooks in India: HP and Google has joined hands to manufacture Chromebooks in India at the Flex facility in Chennai where HP has been manufacturing a range of laptops and desktops since 2020. *[The Economic Times]*



Industrial Infrastructure, Clusters and SEZs

Improving signals for road sector companies with 25% budget boost for FY24: The Budget for FY24 has increased road outlay by 25 per cent year-on-year, invigorating stakeholders in the roads sector. *[Business Standard]*

Tata Projects to build Micron chip plant in Gujarat: The US-based chip firm said it has begun recruitment process for the new plant. Micron on Saturday conducted groundbreaking ceremony at Sanand GIDC-II, and a formal agreement was signed between the two companies. *[The New Indian Express]*

National Highways to be pothole free by December this year - Nitin Gadkari: The government will soon firm up a roadmap to make India's national highways pothole free by December 2023 with construction focus shifting from the engineering, procurement and construction (EPC) model to build-operate-transfer (BOT) model and the hybrid annuity model (HAM) for government projects under the ministry of road transport and highways. *[The Economic Times]*

PM Gati Shakti - Six infra projects worth Rs 52,000 crore recommended for approval: As many as six infrastructure projects of roads and railways worth Rs 52,000 crore have been recommended for approval under the PM Gati Shakti initiative. *[The Economic Times]*

Dixon investing Rs 200-250 cr in plant for Xiaomi smartphones, other products: Atul Lall: Dixon Technologies, a leading Indian contract manufacturer, has invested Rs 200-250 crore in a new facility in Noida, Uttar Pradesh, to manufacture smartphones for Xiaomi India and one other smartphone brand. *[The Economic Times]*

Toyota plans third India plant, new SUV as domestic sales surge: Toyota Motor plans to build a third car plant in India, expanding production capacity in the country for the first time in over a decade as its partnership with Suzuki Motor boosts domestic volumes. *[The Economic Times]*



Sustainable Industrialisation

Brookfield to invest \$845 million in its second JV with Axis Energy Ventures: Brookfield Asset Management and Axis Energy Ventures on Thursday announced their second joint venture (JV), housing some of the Indian cleantech company's wind and solar projects, with up to \$845 million investment from the Canadian investor. *[Mint]*

Shipping industry has no easy path towards decarbonisation - UNCTAD: The shipping industry lacks clarity on future clean fuels and regulatory systems which is holding back companies from replacing ageing vessels amid pressure to decarbonise faster. *[The Economic Times]*

ONGC, NTPC Green tie up for domestic and international renewable energy projects: State-run Oil and Natural Gas Corporation (ONGC) on Tuesday inked a memorandum of understanding (MoU) with NTPC Green Energy Limited (NGEL) to develop renewable energy projects. *[Mint]*

India should move to ethanol or hydrogen cars instead of electric cars - Maruti Chairman: The carbon footprint of electric cars in India would be much bigger than that of hybrid cars because, in the country, 75 per cent of the electricity is made from coal. *[The New Indian Express]*



Sectoral News

Govt launches Rs 5K cr scheme to boost innovation in pharma-medtech: Union Minister of Health and Family Welfare Mansukh Mandaviya launched the Rs 5,000 crore Promotion of Research and Innovation in Pharma and MedTech sector (PRIP) scheme. *[Business Standard]*

Fresh spectrum allocation plan in the works, may open up more bands With the draft telecom Bill still up in the air, the government is working on an updated version of the National Frequency Allocation Plan (NFAP). *[Business Standard]*

Housing sales touch all-time high in Q3, Hyderabad sees biggest price jump: Even though the monsoon season usually witnesses a slower market momentum, housing sales in India touched an all-time high of over 1.20 lakh units in the third quarter of 2023. *[Business Standard]*

India's mineral production records 10.7% rise in July 2023: India's mineral output increased by 10.7 per cent in July 2023 as compared to the same month in the previous year. The index of mineral production of the mining and quarrying sector for the month of July, 2023 was at 111.9, which is 10.7 per cent higher as compared to the level in the month of July. *[Financial Express]*

Mobile user additions in July highest in over a year - Trai data: The total mobile user additions in July at 2.7 million were the highest in last 13 months in the country, according to data by the Telecom Regulatory Authority of India (Trai). The growth in subscriber base was contributed by telecom operators Jio and Airtel. *[Financial Express]*

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