

Industry Matters

Weekly Updates

May 17, 2024



Economy, Industry and Policy

India overtakes Australia, Japan and Singapore in data centre capacity, gets \$40 billion funds: India has become the data centre leader in the Asia-Pacific (excluding China), having overtaken Singapore, Australia, South Korea, Japan and Hong Kong on installed capacity. *[The Economic Times]*

Indian economy projected to expand at 6.6% in FY25 - Moody's: Moody's Ratings stated on Tuesday that the Indian economy is projected to expand by 6.6 per cent in the current fiscal year (FY25). *[The Economic Times]*

India to become USD 4 trillion economy in FY25 - Sanjeev Sanyal: India is forecasted to achieve a USD 4 trillion economy by 2024-25, surpassing Japan to become the world's fourth largest economy. *[The Economic Times]*

India's retail inflation eases marginally to 11-month low of 4.83 per cent in April: India's retail inflation eased marginally to hit 11-month low of 4.83 per cent on an annual basis in April as against 4.85 per cent in the previous month. *[The Economic Times]*

Wholesale inflation rises to a 13-month high of 1.3% in April: Food and fuel pushed wholesale inflation to a 13-month high of 1.26% in April compared with 0.53% in the previous month. *[The Economic Times]*

IIP growth eases to 4.9% in March but grows faster at 5.8% in FY24: India's industrial output eased to 4.9% in March compared with 5.6% in the previous month, as mining growth subdued the index despite robust expansion in electricity and higher growth in manufacturing. *[The Economic Times]*

Majority of manufacturers to begin production under revised PLI scheme: Majority of manufacturers qualified under the revised production-linked incentive scheme for IT hardware are expected to start production this year. *[The Economic Times]*

India's forex reserves up by \$3.66 bn to \$641.59 bn as of May 03 after 3 weeks slump: India's forex reserves rose by \$3.66 billion to \$641.59 billion as of May 03, latest data published by the Reserve Bank of India. *[The Economic Times]*

RBI likely to transfer Rs 1 lakh crore to govt in FY25: The Reserve Bank of India (RBI) is likely to transfer approximately Rs 1 lakh crore to the government IN FY25. *[The Economic Times]*

Large PSUs' capital expenditure reaches ₹50,200 crore in April FY25, slower growth than previous year: Large public sector companies have spent a little over Rs 50,200 crore towards capital expenditure in April FY25 alone, which is 6.46 per cent of their full fiscal target of Rs 7.77 lakh crore. *[The Economic Times]*

India all set to overtake Japan as 4th largest economy by 2025, predicts Amitabh Kant: Citing various macroeconomic parameters that are doing pretty well, India's G20 Sherpa and former CEO of Niti Aayog Amitabh Kant projected that the country is all set to overtake Japan as 4th largest economy in the world by 2025. *[The Economic Times]*

Pvt sector capex likely to expand amid expectations of high growth: Private sector capital expenditure is likely to see a gradual expansion amid expectations of high growth though geopolitical uncertainties and tepid consumption remain a concern. *[The Economic Times]*



Foreign Investment

India to see \$2.5-billion passive FPI flows after MSCI rejig: India will see upwards of \$2.5 billion in passive FPI flows after a rejig of MSCI indices this month, with the country's representation in the MSCI EM Index set to inch closer to 19 per cent from 18.3 per cent currently. *[Business Line]*

FPI outflows driven by skewed selling in banks, domestic cyclicals see robust inflows: The Foreign Portfolio Investors (FPI) have turned net sellers in the Indian equity market in 2024. They have sold Indian equities worth more than ₹25,000 crore, or over \$3 billion, in CY24 so far. *[Mint]*



Trade Policy and Competitiveness

'US-China trade war escalation may lead to dumping of goods in India' - GTRI: The escalation of a trade war between the US and China may push Beijing to dump goods in the Indian markets. *[The Economic Times]*

China overtakes US to become India's top trading partner in FY24: China has emerged as India's largest trading partner in the FY 2023-24 with \$118.4 billion two-way commerce, narrowly edging past the US. *[The Economic Times]*

Export orders rise 10% in six months on demand from US, EU: Improved demand in the European Union, West Asia and the US has boosted export order books by at least 10% from six months before. *[The Economic Times]*

India's counter to Pakistan's Gwadar port - New Delhi signs 10-year Chabahar Port pact with Iran: India on Monday signed an agreement with Iran to manage Chabahar Port for the next 10 years. *[The Economic Times]*

FIEO pegs FY25 goods exports at \$500-510 billion: The Federation of Indian Export Organisations (FIEO) expects India's merchandise exports increase around 14% to \$500-510 billion in FY25 from \$437 billion in 2023-24, led by technology driven sectors of exports such as machinery, electrical and electronic, automobile, pharma and biotechnology. *[The Economic Times]*

Govt plans to formulate SOPs for negotiating free trade agreements: India is considering formulating standard operating procedures (SOP) for negotiating free trade agreements (FTAs) as the country is engaging with several trade partners for such pacts. *[Business Standard]*

India's imports from FTA partners up 38% during 2019-24 fiscal years - GTRI: India's imports of goods from countries with which it has a free trade agreement like the UAE, South Korea, and Australia grew about 38 per cent during 2019-24 fiscal years to USD 187.92 billion. *[The Economic Times]*

Evaluation of infrastructure requirements for achieving \$1 trillion exports by August-September: A study to assess required infrastructure and identify main industry clusters for achieving the USD 1 trillion merchandise exports target by 2030 may be submitted by August-September. *[The Economic Times]*

Exports up 1% in April, yet trade gap widens: India's goods exports grew 1.06% on-year to \$34.99 billion in April, while the trade deficit widened to a four-month high driven by ballooning gold imports. *[The Economic Times]*



Corporate Governance

Hindujas get Irdai nod for buying Reliance Capital business; conditions apply: The insurance regulator approved the Hinduja Group's acquisition of Reliance Capital's life, general and health insurance businesses on condition it will not pledge shares of the companies. *[The Economic Times]*

Reliance Retail to bring UK's leading online fashion retailer ASOS to India: Reliance Retail has entered into a long-term licensing agreement with the UK's leading online fashion retailer ASOS to become its exclusive retail partner across all online and offline channels in India. *[Business Standard]*

Company registrations drop in April, but LLPs continue to scale fresh peak: After record incorporations in 2023-24, company registrations fell 3.7% year-on-year in April, partly due to the high base effect. But incorporation of limited liability partnerships (LLPs) surged 36% year-on-year. *[The Economic Times]*

Adani Energy Solutions buys Essar Transco for ₹1,900 crore: Adani Energy Solutions Ltd (AESL) said Thursday it has completed the acquisition of Essar Transco Ltd for an enterprise value of ₹1,900 crore after securing necessary approvals. *[The Economic Times]*



MSMEs and Start-ups

Porter turns unicorn in internal funding round: Logistics startup Porter has become the third unicorn this year, following an internal funding round where friends and family purchased shares directly from the company's employee stock ownership plan. *[Financial Express]*

Number of Agri startups jumps multifold to 7,000 in last 9 years: The number of startups in agriculture and allied sectors has risen to over 7,000 in the last nine years due to a conducive business environment and government support. *[Business Standard]*

Start-ups and GCCs lead in AI adoption in India - EY: Startups and Global Capability Centers (GCCs) in India are the leading firms in artificial intelligence (AI) adoption and are swiftly advancing from proofs of concept to production stage with Generative AI (GenAI). *[Business Standard]*

40 start-ups extend support to Digital Competition Bill in a letter to MCA: In a letter written to the Ministry of Corporate Affairs (MCA) on Thursday, 40 Indian start-ups have come out in support of the draft Digital Competition Bill which proposes ex-ante regulations to curb anti-competitive practices of Big Tech companies. *[Business Standard]*



Employment and Industrial Relations

514 million person-years employment created during 2014-24: A SKOCH report on Monday claimed that 51.40 crore person years of employment was generated between 2014 and 2024 during the Modi government regime. *[Business Standard]*

PM Gati Shakti to aid in expanding social security: The labour and employment ministry has boarded the PM Gati Shakti portal to identify and bridge gaps in social security coverage across the country and expand its health infrastructure to industrial clusters as well as special economic zones (SEZs) for the benefit of workers. *[The Economic Times]*

Centre may raise MGNREGA outlay in full Budget: The Centre may increase the outlay for its flagship Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) by over `5,000 crore in the 2024-25 full Budget. *[Financial Express]*

Urban unemployment drops slightly to 6.7% in Q4FY24; female labour force participation rises further: Urban unemployment declined to 6.7% in the last quarter of FY24 compared with 6.8% in Q4FY23. *[The Economic Times]*

92% of knowledge workers in India use AI at work, lead world - Study: Knowledge workers in India are ahead of their international counterparts in using artificial intelligence (AI) at work, said a report on Thursday, referring to professionals whose job involves handling or using information. *[Business Standard]*



Industrial Finance

PSB loan growth lags industry; cautious approach to protect margins: With SBI an exception, loan growth of large public sector banks stood in the range of 11-13 per cent in financial year (FY) 2024, lagging well behind the banking sector trend which registered a growth of 16 per cent during the same period. *[Business Standard]*

India to extend budgetary support of \$50 million to Maldives: India on Monday decided to continue its budgetary support to the Maldives government with the rollover of a \$50 million treasury bill for another year. *[The Economic Times]*

DHFL scam - After CBI arrest, Dheeraj Wadhawan sent to judicial custody for Rs 34,000-crore bank fraud case: The former director of Dewan Housing Finance Limited (DHFL), Dheeraj Wadhawan, was sent to judicial custody on Tuesday after he was produced before a special court in Delhi. *[The Economic Times]*



Technology and Innovation

India ranks first in adoption of GenAI across Asia-Pacific: Deloitte India: With 93 per cent of students and 83 per cent of employees actively engaging with the technology, India ranks first in the adoption of Generative Artificial Intelligence (GenAI) across Asia-Pacific. *[Business Standard]*

India's internet economy likely to reach \$1 trillion by 2030: India's internet economy is estimated to reach \$1 trillion by 2030, primarily due to e-commerce, which is expected to be worth \$325 billion and rank third globally. *[Business Standard]*

17 companies to start making laptops, PCs: Nearly 17 companies selected under the PLI (Production Linked Incentive) for IT Hardware will begin production in this financial year (FY25). *[The New Indian Express]*

Airtel to offer cloud and Gen-AI solutions with Google Cloud in India: Bharti Airtel on Monday announced a long-term collaboration with Google Cloud to deliver cloud solutions to Indian businesses. *[Business Standard]*

Govt plans to make anti-fake review rules mandatory for e-commerce firms: The government is considering to make it mandatory for e-commerce companies to comply with quality norms for consumer reviews after a voluntary push failed to effectively curb fake reviews. *[The Economic Times]*

PhonePe UPI payments launched in Sri Lanka: Bengaluru-based PhonePe has partnered with LankaPay and launched PhonePeUPI payments in Sri Lanka, a facility that can spur Indian tourism in the island nation and provide a boost to the local economy. *[The Economic Times]*

Dixon ropes in Realme, plans to manufacture display modules for mobile phones - MD: Indian contract manufacturer Dixon Technologies has roped in Chinese smartphone brand Realme as a new customer, and plans to start producing display modules for mobile phones, tablets, and notebooks with a planned capex of \$30 million. *[The Economic Times]*

Ficci, IESA sign contract to foster innovation in semiconductor industry: The Federation of Indian Chambers of Commerce and Industry (FICCI) and the India Electronics and Semiconductor Association (IESA) have signed a Memorandum of Understanding to promote innovation, support the semiconductor and electronics industry, and strengthen supply chains. *[Business Standard]*

AI spending in India to reach \$5.1 billion by 2027: Artificial Intelligence (AI) spending in India is set to undergo the swiftest expansion among the eight markets – Australia, India, Indonesia, Japan, Korea, Malaysia, Singapore, and Taiwan, with an estimated Compound Annual Growth Rate (CAGR) of 31.5% from 2023, forecasted to reach \$5.1 billion by 2027. *[The New Indian Express]*

1,366 tenders worth Rs 60,276 cr procurement violate Make-in-India norms: An analysis by DPIIT reveals 1,366 government tenders worth Rs 60,276 crore non-compliant with procurement norms; 369 tenders violated Make in India Order, 40 sought specific foreign certification. *[The Economic Times]*



Industrial Infrastructure, Clusters and SEZs

Govt to complete GIS mapping of entire highway network: The Centre plans to complete the GIS mapping of all national highways, including marking the jurisdictions of all state-owned developers, for better planning, execution and monitoring of the road network and timely completion of projects. *[Mint]*

UP govt eyes Rs 5K cr investments for defence manufacturing corridor: To bolster the Uttar Pradesh Defence Industrial Corridor (UPDIC), the government may invest Rs 5,000 crore in multiple military-ware projects in Chitrakoot. *[Business Standard]*

Mahindra Group to invest Rs 37,000 crore in auto sector, plans to launch 23 new vehicles by 2030: Mahindra Group has announced a massive investment plan of Rs 37,000 crore over the next three years, with a significant portion dedicated to the auto sector. *[The Economic Times]*

Zoho plans \$700 mn foray into chipmaking, seeks incentives from govt: Indian software firm Zoho is planning a foray into chipmaking and seeking incentives from the federal government, two sources with direct knowledge of the proposal said, with one of them pegging the investment plan at \$700 million. *[Business Standard]*



Sustainable Industrialisation

Tax incentives can help enhance adoption of sustainability manufacturing: Providing financial incentives, such as tax breaks, and subsidies, for companies that invest in sustainable technologies and practices can help accelerate the adoption of green manufacturing practices. *[The Economic Times]*

Stellantis considering India manufacturing of affordable EVs: The group, which owns several brands including Chrysler, Citroën, Fiat and Jeep, is considering locally manufacturing affordable electric vehicles from its Chinese joint venture partner Leapmotor at its facility in Thiruvallur, Tamil Nadu. *[The Economic Times]*

ReNew and Societe Generale signs MoU for energy transition projects of \$1 billion over 3 years: Renew has signed an agreement with Societe Generale to support the financing and development of its strategic energy transition projects in India and globally. *[The Economic Times]*

Share of non-fossil fuel to grow to 50% in domestic energy generation capacity by 2030 - MNRE Secy: The government aims to increase the share of non-fossil fuel to 50 per cent in the country's total installed electricity generation capacity by 2030. *[The Economic Times]*



Sectoral News

India needs Rs 4.2 lakh cr investment to connect 24 cr households with broadband by 2030: India will need an investment of Rs 4.2 lakh crore by 2030 for connecting 24 crore households in the country with broadband services. *[The Economic Times]*

Govt asks Jio, Airtel, Idea to block 28,000 phones, verify 20 lakh numbers: The Department of Telecom (DoT) has instructed major telecom operators, including Reliance Jio, Bharti Airtel, and Vodafone Idea, to block 28,200 mobile handsets allegedly linked to cyber crimes. *[The Economic Times]*

Capacity utilisation of gas-based power plants at 14.8% in FY24: The capacity utilisation, or plant load factor (PLF), of gas-based power plants rose to 14.8 per cent in FY24 from 11.5 per cent in FY23 aided by India's rising electricity consumption due to growing industrial and commercial activity as well as increasing demand from households. *[Business Line]*

Fertiliser imports fall on higher local output: India's imports of fertilisers in 2023-24 fell nearly 10% due to a boost in local production as the country, which entirely depends on overseas markets for many types of crop nutrients. *[Hindustan Times]*

AI-Vistara merger will strengthen presence in India - Singapore Airlines: Singapore Airlines Group on Wednesday said the proposed Air India and Vistara merger, which is awaiting foreign direct investment and other approvals, will strengthen its multi-hub strategy as well as allow it to continue directly participating in the fast-growing Indian aviation market. *[The Economic Times]*

More Indians are travelling than ever before - Mastercard Economics Institute on travel in 2024: In 2024, fueled by a growing middle class and expanded route capacity, more Indians are traveling internationally than ever before. *[The Economic Times]*

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