

# Industry Matters

Weekly Updates

May 31, 2024



## Economy, Industry and Policy

**India's growth set to get more broad-based, says Morgan Stanley; pegs 6.8% for 2024:** Growth in India, which already is strong and surging, may become more broad-based across both on the consumer and business spending side. *[The Economic Times]*

**S&P raises outlook for India to positive, affirms rating at BBB-:** Rating firm S&P Global Ratings on Wednesday revised outlook for the Indian economy to 'positive' from 'stable' and has affirmed the overall rating at 'BBB-' citing robust growth and improved quality of government expenditure. *[The Economic Times]*

**Indian economy grew 7.4% in Q4 FY24; 8% in FY24 - SBI Research:** Indian economy is expected to surprise in the fourth quarter of FY24 with 7.4% growth, pushing full year estimate to 8%. *[The Economic Times]*

**RBI dividend to have limited impact on medium-term fiscal consolidation - Fitch:** A larger-than-expected surplus transfer by the RBI will have a limited impact on India's medium-term fiscal consolidation. *[The Economic Times]*

**More PEs head to India armed with big money to bag deals:** Singapore-based private equity firm Growthem Capital Partners is set to officially open its office in Mumbai this July, joining the expanding roster of PE investors in India. *[The Economic Times]*

**RBI balance sheet grows 11.08% to Rs 70.47 trn in FY24, income up 17%:** The size of the Reserve Bank of India's (RBI's) balance sheet increased by 11.08 per cent year-on-year (Y-o-Y) to Rs 70.47 trillion as of March 31, 2024 (FY24), driven by its liquidity and foreign exchange (forex) operations. *[Business Standard]*

**Study suggests India should impose wealth tax on the ultra-rich to tackle wealth inequality:** A new study co-authored by economist Thomas Piketty suggests that India should impose wealth tax on the ultra-rich to tackle wealth inequality, and create fiscal space for investments in the social sector. *[The Economic Times]*

**Unclaimed deposits with banks rise 26% to ₹78,213 crore:** Unclaimed deposits with banks have witnessed a 26 per cent jump year on year to ₹78,213 crore at the end of March 2024. *[Business Line]*

**Centre sanctions Rs 21,253 crore to tackle Kerala's economic crisis:** Prime Minister Narendra Modi has come forward to assist Kerala in a bid to alleviate the state from the economic crisis as the Centre has sanctioned borrowings up to Rs 21,253 crores. *[The Economic Times]*

**GST Council's fitment committee likely to consider dropping 12% slab:** The fitment committee under the Goods and Services Tax (GST) Council, comprising central and state officials, has begun a rate rationalisation exercise afresh, checking the possibility of dropping some of the rates, particularly the 12 per cent slab, to achieve a revenue-neutral structure. *[Business Standard]*



## Foreign Investment

**FPI inflow may hit \$2 billion a week if BJP wins elections 2024 - Nomura:** A victory for Narendra Modi-led Bharatiya Janata Party in the elections 2024 is likely to see foreign portfolio investors (FPIs) return to Indian shores, said analysts at Nomura, who pegged their weekly inflow to the tune of \$1 – 2 billion into the debt markets till the JP Morgan index inclusion date (June 28). *[Business Standard]*

**FDI inflow to increase in domestic manufacturing sector - Ministry:** India's domestic manufacturing sector is set to receive stronger external support in the upcoming months as investment in the sector to rise. *[The Times of India]*

**Tamil Nadu gets Rs 7 trillion in investments in first five months of 2024:** Last week, Google's parent company Alphabet marked its entry into Tamil Nadu to manufacture Pixel smartphones and drones. This is part of a trend that has seen the southern state attract over Rs 7 trillion in investments and create more than 3 million jobs in just the first five months of 2024. *[Business Standard]*

**Tata Steel announces \$2.1 billion plan to meet twin objectives:** Tata Steel said on May 29 that it will invest \$2.1 billion (Rs 17,408 crore) in its Singapore arm. The fund infusion has two objectives -- a) repaying the debt of its offshore entities and b) funding the rejig of its loss-making UK business. *[The Economic Times]*

**FY24 FDI equity inflows down 3.49% on-yr:** Foreign direct investment (FDI) equity inflows into India shrank 3.49% on-year in FY23 to \$44.42 billion from \$46.03 billion in FY22. *[The Economic Times]*



## Trade Policy and Competitiveness

**India major gainer of China+1, exports to soar to \$835 billion by 2030 - Nomura:** India and Vietnam are gaining the most from the China plus one strategy, which is also expected to unlock new growth opportunities for Asian economies. *[The Economic Times]*

**India's coffee exports rise 12% to \$1.28 billion in 2023-24:** India's coffee exports rose by 12.22 per cent to USD 1.28 billion in 2023-24 on higher demand for Robusta coffee in the global markets. *[The Economic Times]*

**India in trade deficit with nine of top 10 trading partners in 2023-24:** India has recorded a trade deficit, the difference between imports and exports, with nine of its top 10 trading partners, including China, Russia, Singapore, and Korea, in 2023-24. *[The Economic Times]*

**India's forex reserves rise to an all time high for week ending on May 17; up by \$4.54 bn to \$648.7 bn:** India's forex reserves surged by \$4.54 billion to \$648.7 billion as of May 17, marking an all time high. *[The Economic Times]*

**India-France negotiations for Rs 50k-cr 26 navy Rafales to start next week:** In a significant development, contract negotiations between the governments of India and France in the over Rs 50,000 crore deal for 26 Rafale Marine fighter jets is scheduled to begin on May 30 with the arrival of a high-level French team here. *[Business Standard]*

**UAE looking to expand scope of trade under CEPA with India:** The United Arab Emirates is looking to expand the scope of trade and services covered under the Comprehensive Economic Partnership Agreement (CEPA) with India to further accelerate bilateral trading volume. *[The Economic Times]*



## Corporate Governance

**Reliance and Tata recognised among the World's Most Influential Companies by TIME:** Reliance Industries Limited (RIL) has been named one of the World's Most Influential Companies by TIME magazine, making its second appearance on the prestigious TIME 100 list. *[The Economic Times]*

**Capital needs to remain high for Indian corporates - Moody's:** Moody's Ratings on Thursday said capital requirements will remain high for Indian corporates as they go in for capacity expansion and inorganic growth spending. *[The Economic Times]*

**Reliance Industries seeks CCI approval for Viacom18-Star India merger:** Billionaire Mukesh Ambani-promoted Reliance Industries has sought approval from fair trade regulator Competition Commission of India (CCI) for the USD 8.5-billion merger of Viacom18 and Star India Pvt Ltd (SIPL). *[The Economic Times]*

**India's \$100-billion mcap club grows to eight with three new entries:** The number of corporate groups in India valued at over \$100 billion has grown to eight with three new additions in the past year, riding on the back of a sharp rally in domestic equities. *[Business Standard]*

**Adani's fintech play - Gautam Adani likely in talks with Vijay Shekhar Sharma to acquire stake in Paytm's parent co:** Gautam Adani, chairman of the Adani Group, is reportedly looking into acquiring a stake in One97 Communications, the parent company of Paytm. *[The Economic Times]*



## MSMEs and Start-ups

**Indian startup ecosystem is mature, set to bolster economy - AWS' Raghavan:** The Indian startup ecosystem is mature, with multiple tailwinds that are poised to escalate India to become the third largest economy in the world. *[Business Standard]*

**Fintech start-up BharatX acquires healthcare finance start-up Zenifi:** Y-Combinator-backed Buy Now Pay Later (BNPL) fintech start-up BharatX has acquired Zenifi, a healthcare finance start-up providing zero-cost and low-cost EMI solutions. *[Business Line]*

**Signs of funding winter waning: Indian start-ups raised \$3.1 b during Jan-April 2024:** After several quarters of funding winter, Indian start-ups have witnessed a growth in funding in January-April in 2024. According to data and analytics firm GlobalData, start-ups in the country raised \$3.1 billion in venture capital funding during the four months. *[Business Line]*

**SBI-led six-member committee on co-lending to focus on boosting MSME credit:** The Department of Financial Services (DFS) is in the process of setting up a committee on co-lending with State Bank of India at the helm. *[Business Line]*



## Employment and Industrial Relations

**Global unemployment rate is expected to fall slightly to 4.9% in 2024 - ILO:** The global unemployment rate is expected to fall slightly to 4.9% this year from 5.0% in 2023, even as inequalities in labour markets persist. *[Business Standard]*

**New non-farm jobs in Q2FY23: Higher than Q1 but below Omicron-hit Q4FY22:** Fresh job creation in the nine major non-farm sectors recovered sequentially in the September quarter of FY23 but remained below new job additions during the Omicron-hit March quarter of FY22. *[Business Standard]*

**World unemployment to fall slightly in 2024 - UN:** The International Labour Organization (ILO) expects a global unemployment rate of 4.9 percent in 2024, after originally forecasting unemployment would rise to 5.2 percent this year from five percent in 2023. *[The Economic Times]*

**Private sector activity gathers pace in May, job creation highest in 18 years:** India's private sector activity picked up in May, recording the third strongest increase since July 2010 and contributing to optimism about the future. *[The Economic Times]*

**India should seek easy visa norms for semi and unskilled workers in bilateral agreements:** India should seek easy visa norms in bilateral agreements with different countries for its semi and unskilled workers as it would help increase flow of remittances, and higher wages to labourers. *[The Economic Times]*

**Contractual labour on rise in organised non-farm cos, shows govt data:** Nearly every one in five workers employed in the organised non—farm establishments in the first half of FY23 was a contractual hire. *[Business Standard]*



## Industrial Finance

**IBC rescued 3,171 distressed companies in eight years - Sitharaman:** Finance minister Nirmala Sitharaman on Thursday said the Insolvency and Bankruptcy Code (IBC) has rescued 3,171 distressed companies and assisted in the shutdown of unviable firms since its introduction eight years ago. *[The Economic Times]*

**Large Indian banks are expected to improve their asset quality in the current fiscal - S&P:** India's largest banks are poised to improve their asset quality in the current fiscal year, bolstered by record net incomes that will enable them to enhance their balance sheets and underwriting standards. *[The Economic Times]*

**Reliance Retail preps for third round of fund raising, seeks over \$160-b valuation:** Having raised around \$7.5 billion in two earlier rounds, Reliance Retail Ventures is prepping for another round of fund raising from institutional investors and this time it is looking at an ambitious valuation of upwards of \$160 billion. *[Business Line]*

**Bank credit growth to moderate to 14% in FY25 after robust growth - CRISIL:** Bank credit growth is expected to moderate to 14 per cent in the current financial year (FY25) after an estimated robust growth of about 16 per cent year-on-year (Y-o-Y) in FY23 and FY24. *[Business Standard]*

**Adani Enterprises board approves Rs 16,600 crore fundraising:** After its Rs 20,000-crore offer-for-sale was cancelled even after successful subscription following the Hindenburg report in late January 2023, the Adani group flagship Adani Enterprises has decided to enter the capital market again with a Rs 16,600-crore equity fundraise plan to fund its growth plans. *[The New Indian Express]*

**Bank frauds up nearly 300% in last two years, digital frauds up 708% - RBI:** An analysis of frauds reported across banks has shown that the number of fraud cases reported in FY24 were 36,075, up nearly 300 per cent from the 9,046 cases reported in FY22. *[The Economic Times]*



## Technology and Innovation

**DoT, telcos develop new mechanism to block spoof overseas calls masquerading as Indian numbers:** The Department of Telecommunications (DoT) and mobile operators have devised a system that can identify and block a spoof international call showing an Indian number. *[The Economic Times]*

**New tool against online fraud: Alerts for UPI, card, and net banking:** Banks are implementing a safety feature called 'transaction confirmation' to prevent unauthorised transactions. *[Business Standard]*

**Data centre market to maintain upward trajectory:** From Reliance, AdaniConnex to Sify and Amazon Web Services (AWS), many companies in recent times have announced their investment plans in data centres across the country. *[The New Indian Express]*

**Stay scam-free - This series of phone numbers will help you spot fraud calls:** The Department of Telecom has designated the prefix '160' for 10-digit numbers, which will be utilised by government agencies, regulatory bodies, and financial institutions to communicate with the public. *[Business Standard]*

Digital banking, UPI, bill payments, insurance services – All-in-one JioFinance App is here! Jio Financial Services Ltd, a subsidiary of Reliance Industries, on Thursday announced the launch of 'JioFinance' app in a beta version. The launch of JioFinance, a cutting-edge platform, is aimed at revolutionising daily finances and digital banking. *[Financial Express]*



## Industrial Infrastructure, Clusters and SEZs

**Uttar Pradesh govt targeting \$2 billion investment in civil aviation:** The Uttar Pradesh government is targeting private investment of \$2 billion (over Rs 16,000 crore) in the civil aviation sector. *[Business Standard]*

**Infrastructural projects helping improve India's relationship with Africa - Indian corporate executive:** Indian infrastructure projects in Africa have significantly enhanced ties between the two regions. *[The Economic Times]*

**Cost overruns in central government projects rise to a 12-month high in April:** The ratio of cost overruns in central government projects rose to a 12-month high of 20.09% in April compared with 18.65% in the previous month. *[The Economic Times]*



## Sustainable Industrialisation

**Developed countries fulfilled \$100 bn climate finance promise in 2022 - OECD:** Developed countries met their long-standing promise of mobilising \$ 100 billion a year to help developing countries mitigate and adapt to climate change in 2022. *[Business Standard]*

**Digital infrastructure company Equinix tries out hydrogenated vegetable oil for green power:** The data centre industry is under pressure to deliver unprecedented levels of performance while minimising environmental impact. *[The Economic Times]*

**India sets sights on global renewable ammonia market, takes strides towards sustainable energy leadership:** India is positioning itself as a key player in the renewable ammonia market with several international trade agreements already inked and more on the horizon. *[The Economic Times]*

**FAME 3 likely to be rolled out soon with Rs 10,000 crore outlay:** The third edition of the Modi government's flagship electric vehicle incentive scheme FAME (Faster Adoption and Manufacturing of Electric Vehicles) with an outlay of about Rs 10,000 crore is likely to be rolled out within the first 100 days of the new government taking charge next month. *[The Economic Times]*

**Gautam Adani, Japanese envoy Hiroshi Suzuki hold talks on renewable energy project:** Gautam Adani, Chairman of the AdGroup, shared insights from his meeting with Ambassador Hiroshi Suzuki of Japan at Mundra Port and the world's largest Hybrid Renewable Energy Park in Khavda. *[The Economic Times]*

**MG Motor, HPCL join hands to enhance EV charging infrastructure:** MG Motor India on Wednesday said it has joined hands with Hindustan Petroleum Corporation Ltd (HPCL) to expand EV charging infrastructure across the country. *[The Economic Times]*



## Sectoral News

**India's chemicals market to hit \$29.7 bn in 2024, set for steady growth with 3.26% CAGR through 2029:** India's chemicals market, currently valued at USD 220 billion in 2023, is forecasted to soar to USD 383 billion by 2030. *[The Economic Times]*

**BSNL and MTNL prioritise govt organisations for land asset sales worth Rs 1 lakh crore:** State-run telcos Bharat Sanchar Nigam Ltd (BSNL) and Mahanagar Telephone Nigam Ltd (MTNL) have decided to give preference to government organisations, both in states and at the Centre, in selling their land assets worth over Rs 1 lakh crore. *[The Economic Times]*

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