

Industry Matters

Weekly Updates

August 16, 2024



Economy, Industry and Policy

Jobs & growth - Good news and bad news: Our aspiration is to become a developed economy by 2047. A “developed”, or high-income, country has a per capita gross domestic product (GDP) above \$14,000, about five times higher than our current level of \$2,700. *[Business Standard]*

Get tough - A lenient capital gains tax regime has been distorting incentives: The recent budget presented by the finance minister saw a spurt of adverse commentary on the proposals relating to capital gains transactions, particularly with reference to the removal of indexation benefits. *[Mint]*

Private equity investments to thrive in India despite global challenges - Jefferies: India will remain a prime market for listing private equity (PE) investments, suggesting a huge pipeline for investment bankers globally, according to a latest report by global brokerage firm Jefferies. *[Mint]*

PwC India moots 'Viksit' framework to achieve \$1-trillion export goal by FY29: India has the potential to achieve its USD 1 trillion merchandise export target by 2028-29, a year ahead of the current 2029-30 goal if it maintains an 18 per cent annual growth rate, according to a report by PwC India titled VIKSIT. *[Financial Express]*

Subdued discretionary spending to hit India's IT services growth: Indian IT services companies are likely to see a modest rise in their profitability as their clients will continue to hold off on discretionary IT spending amidst economic uncertainties, according to the latest Fitch Ratings report. *[Business Standard]*

India's wholesale inflation eases to 3-month low of 2.04% in July: India's wholesale inflation, measured using the Wholesale Price Index, eased to a 3-month low of 2.04 per cent on an annual basis in July as against a 16-month high of 3.36 per cent in June. *[The Economic Times]*

India's July retail inflation eases to 5-year low: India's July retail inflation slowed to 3.54%, its lowest in nearly five years, on the back of a sharp decline in food inflation. *[The Economic Times]*

India's net direct tax collection grows 22% to Rs 6.93 lakh crore: India's net direct tax collection grew 22.48 per cent to about Rs 6.93 lakh crore as of August 11 this fiscal. *[The Economic Times]*

India's industrial production eases to 4.2% in June from 6.2% in May: The Index of Industrial Production (IIP) in India rose 4.2 per cent in June on an annual basis as against 6.2 per cent in May. *[The Economic Times]*

India's forex reserves touch a fresh high of \$674.9 bn as of Aug 2: The Reserve Bank of India's foreign exchange reserves touched a fresh high of \$674.9 billion in the week ended 2nd August. *[The Economic Times]*

Fiscal prudence back but deficiency noted in off-budget disclosure - CAG: The Comptroller and Auditor General (CAG) of India stated in its report on compliance with the Fiscal Responsibility and Budget Management (FRBM) Act for 2021-22 that the central government was back on the path of fiscal consolidation after recovering from the pandemic. *[The Economic Times]*

India outpaces major economies in growth of intangible investments: India has recorded the fastest growth in intangible investments from 2011 to 2020 among major global economies, exceeding countries like the US, France, Germany, and the UK, highlighting significant value creation by its companies. *[The Economic Times]*

Govt to table banking laws bill in LS, seeks to raise nominees per a/c to 4: Union Finance Minister Nirmala Sitharaman will introduce new Bills including the Banking Laws (Amendment) Bill, 2024 to amend the Reserve Bank of India Act, the Banking Regulation Act and the State Bank of India Act among others. *[Business Standard]*

Indian bond market issuances cross \$105 billion in FY24, \$25 billion new equity issued: Debt issuances and corporate bond issuances exceeded \$105 billion in the last financial year (FY24) and new equity issuances was about \$25 billion, underlining the depth of Indian bond markets. *[The Statesman]*

Capital Goods Policy 3.0 - Govt's expansion plan to encompass key sectors: The Centre is considering broadening the scope of its capital goods policy to include key sectors such as defence, railways, pharmaceutical, steel, and more. The Ministry of Heavy Industries (MHI) has already established a joint task force to develop the National Capital Goods Policy 2025. *[Business Standard]*

Economists expect FY25 growth to be lower than 7%, on slower manufacturing: GDP to grow at 6.8% in FY25, mainly due to lower gross-value-added (GVA) growth seen in the manufacturing sector. *[Financial Express]*



Foreign Investment

Govt looking at revising FDI policy, monitoring situation in Dhaka - Trade secretary: The government is looking at revising the foreign direct investment (FDI) policy and has held consultations with stakeholders. *[The Economic Times]*

Foreign investors turn net sellers in August, pull out over Rs 13,000 crore: Foreign investors have turned net sellers in August as they pulled out over Rs 13,400 crore from Indian equities due to unwinding of the yen carry trade and recession fears in the US. *[The Statesman]*

DPIIT may take a relook at FDI restrictions from China in policy review: The Department for Promotion of Industry and Internal Trade (DPIIT) may take a relook at the FDI restrictions currently imposed on China as part of its overall review of the country's FDI policy. *[Business Line]*

Karnataka stands 3rd in country with Rs 54,427 cr FDI during 2023-24 - CM Siddaramaiah: Chief Minister Siddaramaiah on Thursday said Karnataka stands third in the country by drawing Rs 54,427 crore Foreign Direct Investment (FDI) during 2023-24. *[The Economic Times]*

FPI permitted to investment in Sovereign Green Bonds in IFSC: Proposed trading of Sovereign Green Bonds (SGrB) at International Financial Services Centre (IFSC), Foreign Portfolio Investors (FPIs) have been permitted to buy and sell such bonds in the said centre. *[Business Line]*



Trade Policy and Competitiveness

Exports contract in July; trade deficit widens: Muted global demand, geopolitical challenges and a drop in crude, commodities and metal prices dragged India's goods exports growth to an eight-month low in July with outbound shipments contracting 1.47% to \$33.98 billion. *[The Economic Times]*

India, Russia discussing rupee-rouble trade; reducing non-tariff barriers - Commerce Secretary: India and Russia are discussing holding trade in local currencies and reducing non-tariff barriers by Moscow to boost the bilateral trade. *[The Economic Times]*

At 18% export growth rate, India may touch \$1 trn goal by 2028-29 - PwC: India has the potential to reach the goal of \$1 trillion in merchandise exports one year earlier than its target of 2029-30 if it records an 18 per cent annual growth rate in exports. *[Business Standard]*

India's imports from China up 13%; exports dip 9.44% in July: India's exports to China dipped by 9.44 per cent to \$1.05 billion, while imports rose by 13.05 per cent to \$10.28 billion in Jul. *[The Economic Times]*

Q2 goods exports seen 4.2% - EXIM Bank: India's merchandise exports growth may slow 4.2% on-year at \$111.7 billion in the second quarter of FY25, down from 5.8% in the June quarter. *[The Economic Times]*

BIMSTEC can finalise regional FTA in phases to promote investment & jobs: BIMSTEC can finalise a regional FTA in phases, which would lead to quicker implementation and promote investment, job creation, technology partnerships, and services. *[The Economic Times]*

India's exports dip 1.2% to \$33.98 bn in July, imports up by 7.45%: India's merchandise exports in July dipped 1.2 per cent to \$33.98 billion from \$34.39 billion in the year-ago month, according to government data released on Wednesday. *[Business Standard]*

Maruti Suzuki's export of Made in India SUV to Japan boosts Brand India global image - Goyal: Commerce and Industry Minister Piyush Goyal on Tuesday said the commencement of Maruti Suzuki India's export of its sports utility vehicle Fronx to Japan has further strengthened the 'Brand India' image on the global stage. *[The Economic Times]*

Germany's proposed low emission steel standard may hurt India biz - GTRI: Germany's proposed Low Emission Steel Standard (LESS) is expected to pose new challenges to Indian industry which is already reeling with lower exports higher imports and Europe's carbon tax, think tank GTRI said on Friday. *[Business Standard]*

India's toy exports dip to \$152 million in FY24 due to global headwinds: The Centre on Friday said that India's toy exports for the financial year 2023-24 (FY24) fell to \$152.34 million, a marginal decline compared to FY23, mainly due to reduced global demand. *[Business Standard]*



Corporate Governance

From PepsiCo to P&G, India becomes next big FMCG growth bet as China lags: India has become the next big bet for PepsiCo, Unilever and other packaged goods giants looking to fill the growth vacuum left by an uneven recovery in China. *[Business Standard]*

Market valuation of eight of top-10 firms erodes by over Rs 1,66,000 crore: Reliance Industries and Life Insurance Corporation of India gas emerged as the biggest laggards in line with weak trend in equities. *[The Statesman]*

New Company, LLP Registrations Up Nearly 5% So far This Fiscal- MCA: The number of new companies incorporated during 2023-24 was 15 percent higher as compared to 1.59 lakh companies registered in 2022-23. *[Business Line]*

Domestic food market expected to grow by over 47% to touch USD 1,274 bn: The domestic food market is expected to grow by over 47 per cent to reach USD 1,274 billion by 2027. *[The Economic Times]*

India's richest family biz - Ambanis, Bajajs and Birlas at top 3 — value equals \$460 billion Singapore GDP - report: The Ambani family business, led by Reliance Industries Chairman Mukesh Ambani — the richest man in Asia, has topped 'The 2024 Barclays Private Clients Hurun India Most Valuable Family Businesses List', as per a Business Standard report. *[Mint]*

NPCI incorporates NPCI BHIM Services Ltd as wholly-owned subsidiary: National Payments Corporation of India (NPCI) on Tuesday announced the incorporation of NPCI BHIM Services Ltd (NBSL) (earlier known as Bharat Interface for Money' BHIM) as a wholly owned subsidiary. *[Business Standard]*

HCLTech unit to acquire French software firm Zeenea for 24 mn euros: HCLSoftware, the software business division of Indian IT services giant HCLTech, said on Friday it is acquiring Zeenea, a Paris-based firm providing data catalog and governance solutions, for Euro 24 million (around Rs 218 crore). *[Business Standard]*



MSMEs and Start-ups

MSMEs to get Rs 15,000-crore subsidy to boost recycling, efficiency: The Centre is planning a Rs 15,000 crore green initiative aimed at micro, small, and medium enterprises (MSMEs) which will also include the development of an e-marketplace for recyclables to link manufacturers with waste collectors. *[Business Standard]*

India, US ink 'landmark' agreement on cooperation in MSMEs sector: India and the US on Tuesday signed a landmark agreement that provides a framework for both sides to explore cooperation in the micro, small and medium enterprises (MSME) sector. *[Business Standard]*

TN accounts for 15% of India's MSME sector, employs 14 mn people: Tamil Nadu accounts for 15 per cent of the country's micro, small and medium enterprises sector, employing about 14 million people, Minister for Industries T R B Rajaa said. *[Business Standard]*

Startup funding plummets 49% YoY to \$108 million this week: Startups raised around \$108.4 million between August 3 and August 9, marking a 48.9% decline compared to the same period last year. *[The Economic Times]*



Employment and Industrial Relations

Cisco to lay off thousands more in second job cut this year: Cisco will cut thousands of jobs in a second round of layoffs this year as the US networking equipment maker shifts focus to higher-growth areas, including cybersecurity and AI. *[Business Standard]*

Youth jobless rate fell globally to 15-year low in 2023 - ILO: Resilient economic growth after the Covid-19 pandemic coupled with a strong rebound in labour demand has improved the global labour market outlook for young people belonging to the 15-24 age group. *[Business Standard]*

Women dominate manufacturing jobs in urban India - Mospi: A greater proportion of female workers in urban India are employed in manufacturing (23.9 per cent) and other services (40.1 per cent) compared to their male counterparts. *[Business Standard]*



Industrial Finance

Declining bank deposits raise concerns about NBFC's fund raising capacity: Report: CareEdge Ratings has raised concerns about the credit-deposit ratios of Non-Bank Financial Companies (NBFCs) due to declining deposits. *[The Economic Times]*

Cross-border payments fintech Skydo raises \$5 mn from Elevation Capital: Cross-border payments fintech Skydo on Tuesday raised \$5 million in a pre-Series A round led by the firm's existing investor Elevation Capital. *[Business Standard]*

Recovery via IBC up in June quarter at 31.12%: Recovery from defaulters under the insolvency law rose to 31.12% of the creditors' claims in the June quarter from 25% in the previous three months. *[The Economic Times]*

India's biggest shadow bank Bajaj seeks up to \$500 million loan: India's largest non-banking finance company by market value is planning to borrow up to \$500 million offshore. *[The Economic Times]*

CPP, ADB in talks to infuse \$100 million into JBM Ecolife: Canada Pension Plan Investment Board (CPP) and Asian Development Bank (ADB) are in talks for a \$100 million funding to JBM Ecolife Mobility which operates electric buses under contracts with state road transport undertakings. *[The Economic Times]*

DevRev raises over \$100 million in Series A, joins AI unicorn Club: Customer relationship software firm DevRev has raised \$100.8 million in series A funding round from Khosla Ventures and others, as interest in firms utilizing artificial intelligence continues to grow. *[The Economic Times]*



Technology and Innovation

Union Minister Vaishnaw shares update on made-in-India Google Pixel 8 phone: As India bids to become a manufacturing hub, IT Minister Ashwini Vaishnaw reacted to the news of world's second-largest smartphone market, Google, starting production for its Pixel 8 smartphones in India. *[The Economic Times]*

Digitally advanced & eco-friendly logistics key for India to become \$5 trillion economy: To steer India towards a \$5 trillion economy by 2027-28 and achieve a digitally advanced and eco-friendly logistics infrastructure by 2047. *[Business Line]*

India to introduce UPI payment service in Maldives - EAM Jaishankar: India and Maldives have signed an agreement to introduce the Unified Payments Interface in the archipelago nation, which will have a "very positive" impact on its tourism sector. *[Business Standard]*

ISRO's EOS-08 Earth Observation Satellite launch set for August 16 - Where and when to watch: ISRO has announced that its latest earth observation satellite, EOS-08, is set to launch on August 16, 2024, aboard the third and final developmental flight of the Small Satellite Launch Vehicle (SSLV)-D3. *[Mint]*



Industrial Infrastructure, Clusters and SEZs

Cabinet approves construction of 20 million new houses in rural areas: The Union Cabinet on Friday approved the construction of 20 million new houses in rural areas during FY25-28 under the Pradhan Mantri Awas Yojana. *[Business Standard]*

PM Modi-led Cabinet approves 8 big railway projects worth nearly Rs 24,657 crore with focus on Eastern states: To lower India's dependence on oil imports and improve connectivity, Prime Minister Narendra Modi-led Union Cabinet on Friday approved eight railway projects with focus on development of Eastern states. *[The Economic Times]*

India introduces 8 national high-speed road corridors spanning 936 km, with investment of Rs 50,655 cr: Aiming to enhance logistics efficiency, reduce congestion, and improve connectivity nationwide, India took a significant leap by introducing 8 national high-speed road corridors spanning 936 km. *[The Economic Times]*

M&M, Shaanxi to set up \$3 bn JV for India plant, await govt's nod: Indian automaker Mahindra & Mahindra and China's Shaanxi Automobile Group have agreed to set up a \$3 billion joint venture to build a car manufacturing plant in India. *[Business Standard]*

AIPL group to invest Rs 2,500 crore in real estate projects across Punjab: Real estate developer AIPL group will invest Rs 2,500 crore across Punjab for upcoming residential and commercial projects. *[The Economic Times]*



Sustainable Industrialisation

North India's largest floating solar project commissioned in Omkareshwar: The largest floating solar project in central and north India generating 90 MW energy has been commissioned at Omkareshwar in Madhya Pradesh. *[Business Standard]*

Amara Raja sign MoU with Piaggio India to develop lithium-ion cells for electric vehicles: Amara Raja has signed a Memorandum of Understanding (MoU) with Italian motor vehicle manufacturer Piaggio India to develop and supply LFP (Lithium Iron Phosphate) Lithium-Ion (Li-ion) cells and chargers for its electric vehicles. *[The Economic Times]*

India adds 1.7 GW solar power capacity in July: India added 1,733.7 MW of solar power capacity in July, taking the cumulative installed capacity to 87.2 GW at the end of the month. *[The Economic Times]*

How investing in solar energy can increase the value of your property: In India, the increasing appeal of renewable energy makes solar panels a valuable investment, enhancing property value through energy savings and buyer interest. *[Financial Express]*



Sectoral News

India's domestic air passenger traffic grows 8.6 pc in July, international traffic up 16.7 pc: Domestic air passenger traffic in India witnessed a growth of 8.6 per cent (year-on-year) at 131.4 lakh in the month of July compared to 121 lakh in the same month last year. *[The Statesman]*

Cabinet approves Rs 1,765 cr clean plant programme to boost horticulture: The Union Cabinet, chaired by Prime Minister Narendra Modi, on Friday approved the Clean Plant Programme (CPP) with an outlay of Rs 1,766 crore to revolutionize India's horticulture sector. *[Business Standard]*

Indian ammo market expected to increase to ₹12,000 crore by 2032: The Indian ammunition market which is over five per cent of the global ammunition industry is expected to increase to around ₹12,000 crore (\$1.4 billion) by the year 2032. *[Business Line]*

India likely to beat China to be largest two-wheeler nation in CY24: India is projected to surpass China and catapult into becoming the world's largest two-wheeler nation in CY24, according to Counterpoint Research. *[Business Standard]*

Govt awards 18 of 28 coal mines to leading private mining companies: The government on Tuesday said of the 28 coal mining projects identified to be operated through mining operators-cum-developers, 18 mines have been awarded to leading private firms. *[Business Standard]*

DCGI introduces new traceability rules to address fake medicines issue: India's leading drug regulator, the Drugs Controller General of India (DCGI) has established standard operating procedures and guidelines aimed at enhancing product traceability across the supply chain. *[Business Standard]*

BSNL to roll out 4G, 5G-ready over-the-air, universal SIM platform: State-run telecom firm Bharat Sanchar Nigam Ltd will roll out 4G and 5G compatible over-the-air (OTA) and Universal SIM (USIM) platform which will enable subscribers to choose their mobile numbers as well as replace SIMs without geographical restrictions. *[Business Standard]*

Lab-grown diamond producers battling price drop need policy support - GTRI: Amidst the sharp drop in prices of lab-grown diamonds, the Indian government needs to give a leg-up to the Indian industry to help it continue its expansion by putting in place adequate policy measures. *[Business Line]*

Centre to offer financial support to boost critical minerals sector growth: The Centre plans to offer financial incentives for the development of critical minerals such as lithium, said Veena Kumari Dermal, joint secretary in the Ministry of Mines. *[Business Standard]*

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