

Industry Matters

Weekly Updates

August 23, 2024



Economy, Industry and Policy

India's inflation targeting - Base it on reality and not perceptions: Recently, writing in the Economic Survey, the chief economic advisor observed that it is worth exploring whether India's inflation targeting regime should focus on non-food inflation. *[Mint]*

India's manufacturing is all set to expand with robust foundations of reforms - Nuvama: India's manufacturing sector, contributing 17 per cent to the nation's GDP, has positioned the country as the sixth-largest manufacturing economy globally. However, with just 3.1 per cent of the world GDP, there is significant potential for expansion. *[The Economic Times]*

ICRA forecasts India's Q1 GDP growth to fall to 6%, a six-quarter low: India's economic growth will moderate to 6% in the April-June quarter, a six-quarter low, primarily owing to a reduction in government capital expenditure and a decline in urban consumer demand. *[The Economic Times]*

India biz activity extends robust growth streak in August - HSBC Flash PMI: India's business activity extended its robust growth streak in August as a stronger services industry offset a slight slowing in manufacturing expansion. *[Business Standard]*

India's GDP sees sharp growth trajectory; a look at the progress from 1947 to 2023: India has undergone a remarkable economic transformation, with its Gross Domestic Product (GDP) evolving from a modest figure to the fifth largest economy in the world. *[Financial Express]*

Energy storage investments double to \$15.4 bn in 1st half of 2024 - Mercom: The global corporate funding in the energy storage sector more than doubled to \$ 15.4 billion during the January-July period, according to Mercom Capital. *[Business Standard]*

Rs 15,000 crore PLI sops likely this fiscal: The government may double the disbursements under production-linked incentive (PLI) schemes in this fiscal to Rs 15,000 crore. This would be more than double the amount of Rs 6,800 crore disbursed to various sectors in FY24. *[Financial Express]*

India's holding of American securities hits high of USD 241.9 bn in June: India's holding of US government securities touched a high of USD 241.9 billion in June as the country continued to increase its exposure for the third straight month. *[The Economic Times]*

Cautious monetary policy approach warranted if food inflation persists - RBI: The Reserve bank of India (RBI) said the monetary policy needs to take a cautious approach if food inflation persists as such shocks may not be transitory and could spill over into generalised inflation. *[The Statesman]*

Private sector investment to spur growth as demand surges in Indian economy-RBI: In India, aggregate demand conditions are gathering momentum with a revival in rural consumption on the back of growing incomes and this stimulus to demand is expected to reinvigorate the hitherto subdued participation of the private sector in total investment. *[The Statesman]*

Farm sector growth may bounce to 5% in FY25 – Chand: He said that with good monsoon and a rise in farm product prices, the agriculture growth will likely exceed 5% in FY25 compared with 1.4% in FY24. *[Financial Express]*

Review of National Steel Policy begins: India has begun a review of the seven-year-old National Steel Policy (NSP) in the wake of some advanced economies such as the EU imposing carbon tariff (Carbon Border Adjustment Mechanism) on steel imports and the growing need to decarbonise the sector. *[The Economic Times]*



Foreign Investment

FDI inflows surge 26.4% to \$22.4 billion in April-June: Foreign direct inflows to India increased by 26.4%, reaching \$22.4 billion during April-June, marking the fastest expansion in nearly five quarters, amidst indications of a global rise in cross-border investment. *[The Economic Times]*

FPIs yanked out \$1.8bn from financial stocks amid global risk off: Foreign portfolio investors (FPIs) withdrew ₹14,790 crore (\$1.8 billion) from financial stocks in the first half of August, driven by global risk aversion sparked by US recession fears. *[Business Standard]*

Foxconn business in India crosses \$10 billion; invests \$1.4 billion till date: iPhone contract manufacturer Foxconn's business in India has grown to over USD 10 billion till 2024, its chairman Young Liu said here. Foxconn has invested USD 1.4 billion in India till date. *[The Economic Times]*

Decathlon to invest €100 million in India: Decathlon, a global multi-specialist sports brand, has announced to invest €100 million in India over the next five years. *[The Hindu]*

Govt simplifies FDI rules to help Indian firms expand via mergers, acquisitions: The global expansion of Indian companies through mergers, acquisitions, and other strategic initiatives, enabling them to reach new markets and grow their presence worldwide. *[The Statesman]*

India has reason to be wary of China's economic slowdown: Data sets emerging from China for the April-June quarter had observers sit up and take notice: on a net basis, foreign investors had pulled out a record \$15 billion, forcing stock exchanges to stop releasing data on foreign investment flows. *[Mint]*



Trade Policy and Competitiveness

India, Africa should target doubling bilateral trade to \$200 billion in 7 years - Goyal: India and Africa should target doubling two-way trade to \$200 billion in seven years and try and include more African countries in the partnership so that its full potential is reached. *[Business Line]*

Global trade needs a China alternative; India needs better ports: India is upgrading ports to bolster its manufacturing and exports. Efforts include expanding the Jawaharlal Nehru Port and constructing a new deep-water port in Vadhvan. *[The Economic Times]*

China dominates supply of electronic components for 'made in India' products: India imported electronic components worth over \$12 billion from China and \$6 billion from Hong Kong. *[The Indian Express]*

iPhones drive mobile exports to record high: Mobile phone exports from India continue to grow at a rapid pace. Led by iPhones, mobile phone exports for the first four months of the current fiscal – April-July – have touched \$6.49 billion, a jump of 39% over the same period last fiscal. *[Financial Express]*

Asean FTA review - India to seek more tariff cuts, tighter RoR: India is looking for further tariff cuts in key items of its export interest such as chemicals, metals and alloys, machinery, plastic and rubber, textiles, leather and gems and jewellery as part of the complete review of the free trade agreement with Association of South East Asian Nations (ASEAN). *[Financial Express]*

Egypt working towards increasing Indian investments through multiple incentives: Egypt is emerging as the gateway for Indian businesses in Africa, Arab World and Southern Europe and is offering several facilities and incentives to Indian corporates including through logistics and duty-free access to several markets. *[The Economic Times]*

Unilateral environmental measures like carbon tax hamper equitable world trade - Commerce Secy: India on Saturday said that unilateral environmental measures such as the European Union's (EU) carbon tax do not reflect the principles of equity and hamper equitable world trade. *[The Economic Times]*

Govt eases cross-border share swap rules to woo foreign money: India eased cross-border share swaps, allowing issue or transfer of equity instruments of a local company in exchange for those of a foreign firm in a significant rejig of foreign investment norms. *[The Economic Times]*

Centre prioritising eastern India's export growth - Dharmendra Pradhan: Union minister Dharmendra Pradhan on Tuesday emphasised the need to enhance exports from eastern India and sought cooperation from the state governments in the region. *[The Economic Times]*

Gem, jewellery exports drop 23.28 pc to \$1,665.4 million in July - GJEPC: The overall gem and jewellery exports witnessed a 23.28 per cent year-on-year decline in July to USD 1,665.4 million on account of dampening of consumer demand following global unrest. *[The Economic Times]*



Corporate Governance

Indian companies to spend \$45-50 billion in capex over 1-2 years, RIL to lead - Moody's: Moody's Ratings on Tuesday said rated Indian companies will spend USD 45-50 billion annually over the next 1-2 years towards capex as companies boost capacity, with the country's most valued firm Reliance Industries alone accounting for 30 per cent of the spendings. *[The Economic Times]*

India only country to deliver double-digit sales growth of FMCG - NielsenIQ: India is the only country in the Asia-Pacific region, where sales of FMCG and tech durable sectors from modern trade channels are consistently delivering double-digit growth. *[Business Standard]*

Amul emerges as world's strongest food and dairy brand, topping global rankings in Brand Finance Food & Drink 2024 Report: Amul, has been recognized as the strongest food and dairy brand globally, according to the Brand Finance Food & Drink 2024 report. *[The Economic Times]*

Coal India actively pursuing acquisition of critical minerals in India, abroad - Chairman: Coal India on Wednesday said it is actively pursuing acquisition of critical minerals, including lithium, in the domestic market and overseas and stressed that it would continue to take part in the auction of such blocks. *[The Economic Times]*

Zomato to acquire Paytm's entertainment ticketing business for ₹2,048.4 cr: Zomato on Wednesday said it will acquire Paytm's movie and events ticketing business for ₹2,048.4 crore. *[Business Line]*

Company registrations dip 11% in July, LLPs' rise 21%: Company registrations declined almost 11% year-on-year in July, after a 12% increase in the previous month. *[The Economic Times]*

'Green shoots' in FMCG - RBI says rural economy responsible for sector's revival: India's rural economy is emerging as a key driver of the Fast-Moving Consumer Goods (FMCG) sector's revival, hinting at a robust turnaround in aggregate demand after a sluggish start to the 2024-25 financial year. *[The Economic Times]*

Adani-led Ambuja Cements completes acquisition of Penna Cement Industries: Ambuja Cements Limited, a subsidiary of Adani Cement, has completed its acquisition of Penna Cement Industries Limited (PCIL) as of 16 August, 2024, the company said in an exchange filing. *[Business Standard]*



MSMEs and Start-ups

Inter-ministerial group to draw up MSME scheme: The government has set up an inter-ministerial group to firm up the contours of the credit guarantee scheme for micro, small and medium enterprises (MSMEs) announced in the budget. *[The Economic Times]*

52% of MSME B2B payments overdue for 90+ days in major Indian cities - Recordent survey: India's credit and payments reporting platform for B2B transactions, Recordent, in its survey on B2B payment trends and challenges highlighted the payment trends and challenges faced by MSMEs. *[The Economic Times]*

India, Australia invite startups for Climate Smart Agritech cohort: In a significant step to give a boost to the startups, India and Australia collectively have invited applications from start-ups and MSMEs of both the countries. *[The Statesman]*

Indian startups secure \$395 million this week, a massive 350 pc jump: Riding on overall economic growth, Indian startups raised more than \$395 million in at least 20 deals this week, a massive about 350 per cent jump from \$113 million secured last week in 22 deals. *[The Statesman]*

Framework for Revival, Rehabilitation - The way forward for govt, RBI, banks to help MSMEs survive, thrive: The government is well aware that the MSMEs have more than 30% contribution in the GDP of the country with the second largest employment generator and will play a major role in making India a developed and Atmanirbhar Bharat. *[Financial Express]*



Employment and Industrial Relations

India needs 148 million more jobs by 2030 - IMF's Gita Gopinath: India needs to create an additional 60 to 148 million jobs by 2030 given its population growth while revamping its education to improve skills of its workforce. *[The Economic Times]*

72% employers plan to hire freshers in the second half of 2024 - TeamLease EdTech 'Career Outlook Report: TeamLease EdTech's survey found that 72% of employers aim to hire freshers in the second half of 2024, up from earlier periods. *[The Economic Times]*

Employment growth in corporate sector declined to 1.5% in FY24 - BoB: The growth in employment in the corporate sector slowed to 1.5 per cent in financial year 2023-24 (FY24) from 5.7 per cent in FY23. *[Business Standard]*

1.92 million formal jobs created under EPFO in June - Payroll Data: Net formal job creation under the Employees' Provident Fund Organisation (EPFO) stood at 1.92 million in June 2024 on the back of increased employment opportunities. *[The Economic Times]*



Industrial Finance

Indian banks' dividend growth set to slow down amid deposit rush - S&P Global Market Intelligence: Dividend growth at some of India's largest banks is expected to slow after surging in the fiscal year ended March 31. *[The Economic Times]*

Indian banks' borrowings inching towards Rs 10 lakh crore amid credit-deposit gap: Indian banks saw a significant increase in borrowing through market instruments, surpassing the Rs 9 lakh crore mark as of late July as they struggled to raise funds through deposits. *[The Economic Times]*



Technology and Innovation

Government invites bids to empanel AI infra providers under Rs 10,372-cr India AI mission: The government has invited bids for the empanelment of entities for providing artificial intelligence services on cloud under the Rs 10,372-crore India AI mission, which was approved by the cabinet in March this year. *[The Economic Times]*

Labour ministry launches centralised portal for construction workers: The government on Wednesday launched a portal where construction workers can register themselves to avail benefits of various schemes. *[Business Standard]*

Chevron to set up \$1-billion innovation centre in Bengaluru: Chevron, an energy solutions company, announced setting up Chevron Engineering and Innovation Excellence Centre (ENGINE) in Bengaluru at an investment of \$1 billion over 5-6 years. *[Business Line]*



Industrial Infrastructure, Clusters and SEZs

Govt directs NHAI to focus on upgrading existing national highways: The government has directed the National Highways Authority of India (NHAI) to focus on upgrading the existing national highways, amid increasing concerns over their maintenance and upkeep. *[The Economic Times]*

One Nation, One Location! Road Ministry targets integration of transportation: The road transport and highways ministry plans to build public transport and terminal infrastructure across India to centralise all transportation systems, including roadways, railways, airways, waterways and ropeways, into a single location to streamline passenger experience and significantly enhance convenience for users. *[The Economic Times]*

BPCL plans Rs 1.7 lakh cr spend to expand core biz, new energy foray: State-owned Bharat Petroleum Corporation plans to invest Rs 1.7 lakh crore over the next five years to grow its core oil refining and fuel marketing business as well as in 'future big bets' of petrochemicals and green energy. *[The Economic Times]*

India to spend \$300 mln to build drains and expand water bodies in big cities: India will spend nearly \$300 million in two years to expand water bodies like lakes and build drains in seven cities including Mumbai, Chennai and Bengaluru to mitigate floods and conserve water. *[The Economic Times]*



Sustainable Industrialisation

Solar manufacturers expecting a multifold growth for coming years: Solar panel manufacturers are also hoping for a policy change in European countries on the lines of the US which may open the European market for India. *[Financial Express]*

Tata Motors ties up with two firms to expand charging infra for electric CVs: Tata Motors on Wednesday said it has tied up with Delta Electronics India and Thunderplus Solutions to set up charging infrastructure for its range of electric commercial vehicles (CVs). *[The Economic Times]*

India's second 700 MW nuclear power KAPS-4 starts ops at full capacity: India's second home-built 700 MW nuclear power reactor at Kakrapar Atomic Power Station (KAPS) in Gujarat on Wednesday started operating at its full capacity. *[Business Standard]*

UP plans to install solar power plants along 296-km Bundelkhand Expressway: The Uttar Pradesh government plans to install solar power plants along both sides of the 296-km Bundelkhand Expressway. *[Business Standard]*

Foxconn working on plans to set up battery energy storage system unit in India: Taiwanese electronics manufacturing giant Foxconn is working on plans to set up a Battery Energy Storage System unit in India. *[The Economic Times]*

India's Green Hydrogen Push - What the government must focus on following the Union Budget: The 2024 Union Budget of India designated INR 600 crore to the National Green Hydrogen Mission, aiming to enhance green hydrogen production. *[The Economic Times]*



Sectoral News

PV inventory rises to more than double of normal levels - FADA: According to the Federation Of Automobile Dealers Associations (FADA), the dealers have a passenger vehicle (PV) inventory of between 7,00,000 and 7,50,000 vehicles, or 67-72 days, worth ₹70,000 crore. *[Business Line]*

Local manufacturing can offer Rs 25,000 crore annual opportunity to construction equipment vendors by FY2030: The Indian mining and construction equipment (MCE) industry imports nearly 50 per cent of its component requirement (by value) from suppliers based out of China, Japan, and South Korea, among others. *[Financial Express]*

Ola becomes only EV maker to secure PLI certification for four electric scooters: Ola Electric's S1 X 3 kWh and S1 X 4 kWh scooters have received certification for compliance with the Production Linked Incentive (PLI) Scheme for the automobile and auto components sector. *[The Economic Times]*

DTH industry has lost nearly 8 million subscribers in the last 3 years: The Direct to Home broadcasting or DTH industry has lost nearly 8 million subscribers in the last three years according to data recently published by the Telecom Regulatory Authority of India. *[Business Line]*

Delhi-NCR gets max real estate investment in Jan-Jun at \$633.3 mn: Delhi-NCR's real estate market has attracted highest private equity investment of \$633.3 million during January-June period of this year as investors look to encash high demand for prime office space and luxury housing, according to Cushman & Wakefield. *[Business Standard]*

Handloom sector gets govt boost through development programme, supply scheme: In order to provide end to end support for promotion of the handloom sector and welfare of handloom workers, the Ministry of Textiles is implementing the National Handloom Development Programme and Raw Material Supply Scheme across the country. *[The Statesman]*

Railways passenger service losses continued in FY22, freight services profitable, dividend compliance falls short - CAG: Indian Railways passenger services and sundry coaching activities (from advertisement, catering and publicity) continue to be in loss and is being subsidised though freight operations, with coal loading/transportation being the key earning activity for the segment. *[Business Line]*

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