

# Industry Matters

Weekly Updates

January 31, 2025



## Economy, Industry and Policy

**The need for infrastructure investment and manufacturing sector growth:** The Budget 2025-26 will be presented against the backdrop of a marked slowdown of the Indian economy in Q2 of 2024-25 to a seven-quarter low of 5.4%, leading to a downgrading of the gross domestic product (GDP) growth forecasts for 2024-25 from around 7% earlier to around 6.5%. *[Financial Express]*

**Union Budget-Are game-changing policies for what is bothering India just days away?:** Budget 2025: The upcoming Union Budget will reflect the government's strategic vision for economic revival, focusing on agriculture, job creation, MSMEs, and infrastructure. *[The Economic Times]*

**Majority of industry leaders optimistic about India's economic outlook:** Industry leaders expect India's economy to grow between 6-6.9 per cent in FY 2025-26. Technological advancements and ease of doing business reforms are seen as key drivers. *[The Economic Times]*

**Are household finances improving?:** One of the structural issues constraining India's economy from growing its real GDP at a high rate is the weak financial position of the household sector (defined as including individuals and unincorporated enterprises). *[Business Line]*

**Liquidity push-RBI readies ₹1.5 lakh crore injection:** The Reserve Bank of India (RBI) Monday announced a host of measures to inject durable liquidity into the system, including a ₹60,000-crore bond purchase, a 56-day variable repo rate auction of ₹50,000 crore, and a \$5-billion USD/rupee buy/sell swap auction for a six-month tenure. *[The Economic Times]*

**Lower budget borrowing may add to India cash boost cheer:** India's net borrowings will likely decline for a second straight year, possibly extending a rally in the nation's bonds, as the government is expected to stick to its fiscal consolidation path. *[The Economic Times]*

**New GDP series to include data on informal sector:** The ministry of statistics and programme implementation (MoSPI) is looking to incorporate new data sources for estimating the informal sector in the economy in the revised gross domestic product (GDP) series. *[The Economic Times]*

**CEOs bet on boost in consumption, infrastructure this Budget-BS Poll:** A majority of India's chief executive officers (CEOs) expects the Union Budget on February 1 to stimulate consumer spending, speed up initiatives to modernise infrastructure, and spur job creation. *[Business Standard]*

**Rate cut alone may not boost growth, economists tell RBI top brass:** Most economists who met Reserve Bank of India (RBI) top brass including Governor Sanjay Malhotra recently as a part of pre-policy consultations told the central banks officials that a rate cut may not be enough to reinvigorate the economy, which they said needed durable liquidity infusion. *[Business Standard]*

**Union Budget 2025-More of the same with similar outcomes expected:** Many people seem to be bewildered by the sudden slowdown in India's economic growth. But had you kept your gaze firmly fixed on India's policymaking, the slowdown would hardly be surprising, let alone inexplicable. *[Business Standard]*

**Demand revival in emerging markets aids automobile exports grow 19% in 2024:** Automobile exports from India rose 19 per cent year-on-year in 2024 led by a robust dispatch of two-wheelers, passenger vehicles and commercial vehicles, according to SIAM data. *[Business Line]*

**Small cos recorded 10% jobs growth in 2023-24:** India's small enterprises saw a 10% rise in employment, reaching 120.6 million in 2023-24. The number of establishments increased by 12.7% to 73.4 million. *[The Economic Times]*

**Budget may peg FY26 nominal GDP growth at 10.4%:** Most economists say the nominal GDP growth in FY26 is seen picking up mainly due to rise in inflation, rather than real GDP expansion. *[Financial Express]*

**Govt to prioritise skill development, jobs in 2025 Budget-Deloitte:** This would help harness the demographic dividend, drive economic growth from both supply and demand sides and boost consumption through higher incomes. *[Business Line]*

**Policymakers must tune more into States, says Finance Commission Chief Panagariya:** India's policymakers and thinktanks should focus on studying the States a lot more, Arvind Panagariya, Chairman of 16th Finance Commission suggested on Friday. *[Business Line]*

**Budget 2025-Boosting consumption for stimulating growth:** Consumption expenditure is the the most important component of demand. The Budget must introduce favourable measures to boost consumption, such as increasing tax exemptions and creating a favourable business environment. *[Business Line]*

**Will the Budget 2025 resurrect the India's economic dynamism:** Rationalisation of direct taxes and relief to the salaried class must be the Finance Minister's top priority. *[Business Line]*

**Semiconductor sector needs sops:** As February approaches, everyone is looking ahead to the Union Budget 2025. The government's primary focus for this fiscal year is expected to be economic growth and development. *[Business Line]*

**Budget needs to be a growth-booster:** Stepping up capex, enhancing tax benefits for middle class and home loans and pursuing disinvestment vigorously should provide the required stimulus. *[Business Line]*

**Global consumption shifting to India, emerging Asia from America and Europe- McKinsey:** This transformation highlights the growing importance of these regions in the global economic landscape, driven by rising incomes, changing demographics, and evolving consumer preferences. *[The Economic Times]*

**Highway development gave a boost to economic growth-IIM Bangalore Study:** According to the preliminary report, done by the Indian Institute of Management Bangalore's Supply Chain Management Centre (IIMB-SCMC) in partnership with the National Highways Authority of India (NHAI). *[The Economic Times]*



## Foreign Investment

**India seeking energy, lithium investments in Argentina:** India aims to expand investments in Argentina's mining, gas, and oil sectors, particularly focusing on lithium, for its energy transition. *[The Economic Times]*

**India, UK to relaunch talks on free trade, investment pact-UK high commissioner:** The UK and India will resume free trade and bilateral investment treaty talks. British Prime Minister Keir Starmer and Indian Prime Minister Narendra Modi decided to restart FTA negotiations during the G-20 Summit. *[The Economic Times]*



## Trade Policy and Competitiveness

**India reviews Donald Trump's new trade policy:** India's commerce and industry ministry is reviewing President Trump's America First Trade Policy to assess its impact on national trade. *[The Economic Times]*

**Budget 2025-Flourishing North-South trade critical for India's growth aspirations:** India's Budget is a critical opportunity to enhance trade ties with the US, focusing on strategic tariff adjustments to avoid trade conflicts. *[The Economic Times]*

**India and US to sort out trade issues with talks-MEA:** The US is India's top trading partner and its biggest market for exports. In 2023 the bilateral goods and services trade was \$ 190 billion. *[Financial Express]*

**India's exports to US up 5.57% to \$60 billion in April-December FY25:** The country's exports rose by 5.57 per cent to USD 59.93 billion during April-December this fiscal on account of healthy demand in the American market for domestic goods. *[The Economic Times]*

**Goyal, Omani Minister discuss proposed FTA, trade & investment ties:** Talks focus on advancing CEPA negotiation; India's response to market access demands may remain measured. *[Business Line]*

**India reviews Donald Trump's new trade policy:** India's commerce and industry ministry is reviewing President Trump's America First Trade Policy to assess its impact on national trade. *[The Economic Times]*

**India must step up trade play with fast-growing Asia, says Gautam Kumra, chairman, McKinsey Asia:** India has a key opportunity to enhance its trade within Asia, with emerging corridors including India-US, India-Japan, and Southeast Asia. *[The Economic Times]*

**Govt upgrades platform to issue certificates of origin:** To simplify the certification process for exporters and enhance trade efficiency, the government Monday said it has upgraded its system of issuing electronically generated certificate of origin to help exporters. *[The Economic Times]*



## Corporate Governance

**Hindustan Zinc puts off demerger plans amid government opposition and Vedanta split:** Vedanta-owned Hindustan Zinc Ltd, the country's leading producer of zinc and silver, has put on hold its demerger plans. *[Business Line]*

**Companies in India not using IBC enough to resolve insolvency-IBBI chief:** Companies in India have yet to learn to use the Insolvency and Bankruptcy Code (IBC) to make themselves more productive, Ravi Mittal, Chairperson, Insolvency and Bankruptcy Board of India (IBBI). *[Business Standard]*

**Tata Electronics acquires 60% stake in Pegatron local arm for iPhone plant:** Tata Electronics said on Friday it has bought a 60% stake in Taiwanese contract manufacturer Pegatron's India unit that operates an iPhone plant, beefing up the Tata group firm's position as an Apple supplier in a fast growing market. *[Financial Express]*



## MSMEs and Start-ups

**DPIIT signs MoU with Bhaane Group to boost startups in apparel manufacturing industry:** In order to boost the startup ecosystem in the apparel manufacturing industry, the Department for Promotion of Industry and Internal Trade (DPIIT) has signed a MoU with the Bhaane Group, a subsidiary of Shahi Exports Pvt Ltd, the largest manufacturer of apparel. *[The Statesman]*

**30 Indian startups raised \$250 million in funding last week:** At least 30 startups raised \$248.87 million in funding last week as the Indian startup ecosystem continues to shine due to strong fundamentals of the economy. *[The Statesman]*

**Logistics and sustainability hurdles challenge MSMEs in India's apparel industry- Borzo survey:** The apparel and textile sector is a key pillar of India's economy, contributing significantly to employment and exports. *[Mint]*

**Microfinance sector seeks support to tackle its several challenges:** Microfinance has shown capability and resilience in every crisis: Demonetisation or Covid-19. Attention to the issues it faces can make the sector even more vibrant. *[Business Standard]*

**Govt okays 'Mutual Credit Guarantee Scheme' to strengthen the MSME manufacturing sector:** To enhance manufacturing, the government introduces a Mutual Credit Guarantee Scheme for MSMEs, providing 60% guarantee coverage by NCGTC for credit facilities up to Rs 100 crore. *[The Economic Times]*

**MSME sector holds potential to act as a transformative agent for addressing income-inequality-Manjhi:** Budget 2025 will have measures to address MSMEs' pain points and banks must shun hesitation to lend to MSMEs, said Jitan Ram Manjhi. *[The Economic Times]*



## Employment and Industrial Relations

**Labour reforms crucial for realising the vision of Viksit Bharat by 2047- Mansukh Mandaviya:** Labour Minister Mansukh Mandaviya stressed the importance of labour reforms for achieving the vision of 'Viksit Bharat' by 2047 in a national conference. *[The Economic Times]*

**UPS- Know how much pension a central govt employee will get with less than 25 years of service – Formula explained!:** The government's new Unified Pension Scheme (UPS) notification, effective from April 2025, outlines pension benefits for central employees with less than 25 years of service, raising concerns about its impact. *[Financial Express]*

**Formal employment numbers decline in November:** Formal employment in India decreased in November 2024, with declines in new subscriptions to the ESIC and NPS schemes. *[The Economic Times]*

**Worker dormitories—key to unlocking labour intensive jobs in India:** A combination of regulatory reform and govt incentives is needed to provide affordable housing for workers. *[Business Line]*



## Industrial Finance

**Mutual credit guarantee scheme for MSMEs gets Finance Ministry nod:** The government has approved the Mutual Credit Guarantee Scheme for MSMEs, guaranteeing loans up to ₹100 crore. *[The Economic Times]*

**Fintech start-up Ambak raises \$7 million in funding led by Peak XV Partners:** Fintech start-up Ambak has raised \$7 million in funding through a combination of seed and pre-series A funding. *[Business Line]*

**IBBI amends technical standards for information utilities rules:** Stricter norms have been put in place for information utilities under the insolvency law to enhance identity verification and streamline the authentication process for financial default records. *[The Economic Times]*



## Technology and Innovation

**Google makes URLs more compact for mobile search results-What changes:** URLs in Google Search results on mobile devices will no longer show "breadcrumb elements". *[Business Standard]*

**SoftBank may invest up to \$25 billion in OpenAI, eyeing top backer role:** SoftBank is in talks to invest up to \$25 billion in ChatGPT owner OpenAI, according to a person familiar with the matter, as the Japanese conglomerate continues to expand into the sector. *[Business Standard]*

**Digital payments rise 11.1 pc at Sept-end 2024-RBI data:** Digital payments across the country registered an 11.11 per cent year-on-year rise as on September 2024, according to RBI's index that measures the adoption of online transactions. RBI's Digital Payments Index (RBI-DPI) for September 2024 stands at 465.33 as against 445.5 for March 2024. *[The Economic Times]*

**India's AI infrastructure falls short, call for boost in investment-VCs:** Concerns over India's AI readiness come amid global developments, such as China's DeepSeek open-sourcing large language models (LLMs). *[Business Standard]*

**DeepSeek to OpenAI: A billion dollars isn't cool; you know what's cool? A million dollars!:** Recent AI developments could be sending shivers down the spine of US Big Tech firms. *[Business Line]*

**Global AI race-India to create own foundational model:** Making modern tech accessible to everyone is the economic thinking of our PM... Ours is the most affordable compute facility, at this point of time: IT Minister Vaishnaw. *[Business Line]*

**India's semiconductor market to touch \$103 billion by 2030-IESA:** IESA said the government needs to prioritise local value addition, and set a target of 25% local value addition by 2025-26 and 40% by 2030 in electronics manufacturing. *[Financial Express]*



## Industrial Infrastructure, Clusters and SEZs



**Union Budget 2025: Govt set to prioritise railways over highways in fund allocation:** The upcoming Union Budget for 2025-26 is expected to prioritise the railways sector over highways, marking a strategic shift in infrastructure focus. *[Financial Express]*

**India's port cargo rises 3.2% in December on higher container volumes:** India's 12 major ports, owned by the central government, handled 72.2 million tonnes (mt) of cargo in December, registering a growth of 3.22 per cent — primarily due to a sizeable decline in iron ore cargo and rising container volumes. *[Business Standard]*

**Deutsche Bahn plans to extend Namo Bharat RRTS with two new projects:** Deutsche Bahn plans to extend its involvement in both RRTS and metro rail projects, with a focus on enhancing connectivity around the National Capital Region. *[Business Line]*

**Adani & JSW among big names lining up for insolvent supply chain and logistics infrastructure firm Arshiya:** Adani Ports and several other companies are interested in acquiring Arshiya Ltd, a logistics firm under insolvency, for its strategic assets including free trade warehousing zones and a large container yard. *[The Economic Times]*

**Vizhinjam Port to play a pivotal role in global supply chain- Minister Vasavan:** The Vizhinjam Integrated Logistics Hub, along with the Vallarpadam Container Terminal and 17 other smaller ports in Kerala, is expected to play a pivotal role in the global supply chain. *[Business Line]*



## Sustainable Industrialisation

**India's electric car penetration to surge to 9 per cent by FY30- Nomura Report:** The penetration of electric cars in India is projected to rise significantly, reaching 9 per cent by FY30 from the current 2 per cent, according to a report by Nomura. *[Business Line]*

**Avaada pledges Rs 20,700 cr investment for green projects in Odisha:** Avaada Group has signed a memorandum of understanding to invest Rs 20,700 crore in developing renewable energy projects in Odisha. *[The Economic Times]*

**A budgetary approach to unlock India's solar & renewable energy potential:** The transformation of India's energy landscape has been nothing short of remarkable. *[The Economic Times]*

**NTPC Green Energy arm bags 300 MW solar project from NHPC:** NTPC Green Energy Limited's subsidiary, NTPC Renewable Energy Limited, has secured a 300 MW solar project from NHPC through a competitive bidding process. *[The Economic Time]*

**How Budget 2025 can green India's energy policy and help it achieve net-zero goals:** India's Union Budget 2025-26 is pivotal for advancing a sustainable energy future amidst economic and climate challenges. *[The Economic Times]*



## Sectoral News

**PLI scheme in the works to boost localisation of key telecom gear:** In its discussions with stakeholders, according to the sources, the government has proposed two alternative models for linking incentives to a localisation roadmap. *[Business Standard]*

**Mineral-rich states top new fiscal index:** The Niti Aayog report flagged that the debt-to-GSDP ratio for Punjab has been consistently increasing from 41% in 2018-19 to 46% in 2022-23, indicating rising debt levels. *[Financial Express]*

**Aviation boom- India's domestic air traffic sees 6.12% growth, reaching 161.3 million in 2024:** December 2024 saw a dip in On-Time Performance (OTP) across airlines, with IndiGo leading at 73.4 per cent, followed by Air India at 67.6 per cent. *[Financial Express]*

**UP receives Rs 1 trn investment proposals in hospitality sector in 2 years:** Under the Uttar Pradesh Tourism Policy 2022, the state has received investment proposals to the tune of Rs 1 trillion in the hospitality sector in the last two years. *[Business Standard]*

**Govt to invest nearly \$2 billion to develop critical minerals sector:** India identified 30 minerals, including lithium, as critical for its energy transition efforts and to meet the growing demand from industries. *[Business Standard]*

**Insurance sector gears up for transformative reforms in Budget 2025:** On the anvil are crucial reforms including an FDI hike, composite licenses, and a roadmap for GST relief. *[Business Line]*

**Protectionist measures can shield steel sector from dumping- Industry players ahead of Budget:** Domestic steel makers said they are expecting protectionist measures in the upcoming Budget to safeguard the sector from dumping. *[Mint]*

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