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## Economy

### India may grow at 8.2% over next decade; Goldman Sachs chalks out 4 growth levers

India's potential growth over the next decade could be around 6 per cent. However, the nation can increase this growth to 6.7 and even 8.2 per cent through a combination of increased labor participation and investment rate, said Goldman Sachs in a report. India can increase potential growth by any, or a combination of four levers including; increasing investment to GDP ratio, higher investment in human capital, labor force participation rate (LFPR) increase and productivity (TFP) growth. These levers by themselves can each boost potential growth by 50 bp to 100 bps over the next ten years. For India to grow at an even faster pace, increasing productivity growth is going to be critical, analysts said in the report. According to the analysts, increasing investment to GDP ratio to the previous peak level of around 40% can alone boost potential growth by 50bp. If the labor force participation rate (LFPR) can be brought back to the previous peak level of 61%, it can boost potential growth by 100bp. "However, if India is to grow at an average of 8%+ over the next ten years, a combination of all the four levers will have to come together, and create a Goldilocks scenario," analysts said. According to their estimates, along with increasing investment rate and labor participation to previous peak levels, an increase in TFP growth by 50bp to 3%, and higher human capital growth at 1.3%, could together increase potential growth to 8.2% (average) over the next 10 years.

<https://www.financialexpress.com/economy/india-may-grow-at-8-2-over-next-decade-goldman-sachs-chalks-out-4-growth-levers/2622997/>

## Banking and Finance

### Profit of public sector banks rises 9% to Rs 15,306 cr in June qtr

All the 12 public sector banks earned a cumulative profit of about Rs 15,306 crore, registering a 9.2 per cent growth annually, despite poor showing by large lenders like SBI and PNB. During the April-June period of the previous fiscal, state-owned banks recorded a total profit of Rs 14,013 crore, according to quarterly numbers published by public sector lenders. Of the total 12, three lenders -- State Bank of India (SBI), Punjab National Bank (PNB) and Bank of India -- reported fall in their profits ranging from 7-70 per cent. Decline in profit by these lenders has been attributed to Mark-to-Market (MTM) losses due to hardening bond yields. Nine lenders have recorded profit ranging from 3-117 per cent during the first quarter of FY23. The highest percentage growth was recorded by Pune-based Bank of Maharashtra which earned a profit of Rs 452 crore against Rs 208 crore in the same quarter of the previous year.

[https://www.business-standard.com/article/finance/profit-of-public-sector-banks-rises-9-to-rs-15-306-cr-in-june-qtr-122080901234\\_1.html](https://www.business-standard.com/article/finance/profit-of-public-sector-banks-rises-9-to-rs-15-306-cr-in-june-qtr-122080901234_1.html)

### Mark-to-market provisions: Banks may knock on RBI's doors again

Banks will again ask the Reserve Bank of India (RBI) to allow them to spread provisions toward mark-to-market (MTM) losses over several quarters following a sharp hit in the June quarter on this account. The RBI had turned down a similar demand by banks in June after anticipated significant losses in the first quarter, said bank executives aware of the matter. Alternatively, banks will ask that provisions for such losses be housed under provisions and contingencies after operating profits are estimated, which will ensure that operating profits are not hit due to these

notional losses. This would also give a fairer estimate of operating performance, according to the banks. "This will help in avoiding fluctuations in the operating profits," said one of the persons.

<https://economictimes.indiatimes.com/news/economy/finance/mark-to-market-provisions-banks-may-knock-on-rbi-doors-again/articleshow/93440531.cms>

#### **MSME loan disbursements double; banks sticking to existing borrowers: Report**

Credit disbursements to small businesses have doubled compared to the pre-pandemic levels but bankers seem to be cautious and are largely sticking to existing borrowers in extending the loans, a report said on Monday. The report by a credit information company said demand for credit from the Micro, Small and Medium Enterprises (MSMEs), measured by the number of commercial credit enquiries, was 1.6 times of the pre-pandemic levels in FY22. Total live MSME borrowers stand at 7 million as on March 2022 with a growth rate of 6 per cent over the previous year. "The growth in overall MSME borrowers has moderated as lenders are focusing on extending credit to existing borrowers," the report by Transunion Cibil said.

<https://economictimes.indiatimes.com/small-biz/sme-sector/msme-loan-disbursements-double-banks-sticking-to-existing-borrowers-report/articleshow/93444567.cms>

#### **Affordable housing finance segment gaining strength, higher interest rates unlikely to hit profitability**

After posting muted growth in the financial year 2020-21, the affordable housing finance space grew 20% on-year in the fiscal year ending March 2022, a report by CareEdge said. Experts believe that the segment will continue to expand and post a growth rate of around 18% in the current fiscal year. "Overall, CareEdge expects affordable HFCs to continue to report healthy profitability metrics with RoTA of around 3%. Any impact of a decline in NIMs is expected to get largely offset by improved operating efficiency and controlled credit costs," CareEdge said in their report. Affordable Housing Finance Companies were relatively slow in passing on the benefit of lower interest rates to their customers, during the previous fiscal year, said CareEdge. This, analysts believe, helped improve the profitability of the companies. Despite the declining interest rate environment, yields remained largely in line with the pre-Covid levels (yields in FY21 were higher due to the cautious stance taken by most of the HFCs)," the report said. Funding costs for affordable HFCs, however, benefitted from the rising share of low-cost National Housing Bank funding along with the low-interest rate regime. NIMs of the affordable housing finance segment were improved to 7.4%. CareEdge pointed out that the overall, higher NIMs along with controlled credit costs boosted the profitability profile of sector companies. Affordable housing finance firms reported a RoTA of 3.1% — higher than the pre-Covid level

<https://www.financialexpress.com/industry/sme/msme-fin-bank-credit-to-micro-small-enterprises-jump-23-in-june-against-0-6-contraction-year-ago-rbi-data/2613205/>

#### **Indian fintech to have \$1 tn in AUM, \$200 bn revenue by 2030: Report**

Indian fintech will grow tenfold to have \$1 trillion in assets under management (AUM) and \$200 billion in revenue by 2030, said a report on Tuesday. The digital lending market, with a \$515 billion book size by 2030, will shape much of this growth, said the report called ' \$1 Tn India FinTech Opportunity' released by Chiratae Ventures in collaboration with Ernst and Young (EY). India had 21 fintech unicorns (a company valued at \$1 billion or more) as of March 2022. A collaborative ecosystem is driving fintech growth, which is supported by government initiatives like Digital India, Smart City, and Unified Payments Interface (UPI), said the report. An amount of \$1 billion has been invested in digital lending. Fintech-facilitated lending will grow by \$476 billion to reach \$514.6 billion in book size by 2030.

[https://www.business-standard.com/article/companies/indian-fintech-to-have-1-tn-in-aum-200-bn-revenue-by-2030-report-122080901315\\_1.html](https://www.business-standard.com/article/companies/indian-fintech-to-have-1-tn-in-aum-200-bn-revenue-by-2030-report-122080901315_1.html)

#### **Health insurance eating into PSU companies' profits: CAG**

State-run general insurance companies may have to raise the group health insurance premium to remain viable as the Rs. 43,000 crore market faces the prospects of state-run companies losing market share. Without a rise in health insurance premium, it could erode profits from other segments, said an audit of finding by the Comptroller and Auditor General of India (CAG). The audit found that losses from the health insurance business of public sector insurers have either wiped out, or decreased, the profits of other lines of their business, particularly in group health insurance where premium charged was less and claim outgo was more in comparison to retail policies. All four general insurance companies namely New India Assurance Co Ltd (NIACL), United India Insurance Co Ltd (UIICL),

Oriental Insurance Co Ltd (OICL) and National Insurance Co Ltd (NICL) have made consolidated losses between 2016-17 to 2020-21 of Rs 26,400 crore which has overshadowed the Rs 7800 crore profit the companies made in marine, motor and fire insurance during the period.

<https://economictimes.indiatimes.com/industry/banking/finance/insure/health-insurance-eating-into-psu-companies-profits-cag/articleshow/93459485.cms>

## Industry

### **MSMEs, startups can use 5G test bed free of cost for six months: Govt**

The indigenous 5G test bed set up by the government for experimenting and demonstrating applications and use cases of 5G products in the country will be offered free of cost to the government-recognized MSMEs and startups for the next six months up to January 2023, said Ministry of Communications. However, the use for other 5G stakeholders including industry, academia, service providers, research and development institutions, government bodies, equipment manufacturers, and others will be available at a 'very nominal rate'. The test bed was launched by Prime Minister Narendra Modi in May this year for startups, small businesses, and other players to validate their products and solutions in 5G. The government had earlier partnered with eight institutes including IIT Madras, IIT Delhi, IIT Hyderabad, IIT Bombay, IIT Kanpur, IISc Bangalore, Society for Applied Microwave Electronics Engineering & Research (SAMEER) and Centre of Excellence in Wireless Technology (CEWiT) for a collaborative project and had approved a financial grant of Rs 224 crore to it in March 2018 for establishing the test bed.

<https://www.financialexpress.com/industry/sme/msme-tech-msmes-startups-can-use-5g-test-bed-free-of-cost-for-six-months-govt/2622944/>

### **More than 300 cooperatives on GeM portal to procure goods, services: Cooperation Minister Amit Shah**

Union Home and Cooperation Minister Amit Shah on Tuesday said more than 300 cooperatives including 45 multi-state cooperative societies have been onboarded on the government's public procurement portal Government e-Marketplace (GeM) as buyers to procure goods from lakhs of MSMEs and other businesses. The National Cooperative Union of India (NCUI), the nodal agency for facilitating the onboarding of cooperatives, has prepared a list of cooperatives with turnover/deposits of Rs 100 crore to get on the GeM portal in the first phase of onboarding. According to the government, there are over 8.54 lakh registered cooperatives with 27 crore members in the country that would now be eligible to onboard the GeM platform. The government has taken multiple measures for reforms in the cooperative sector including a new cooperative policy, establishing a university for training purposes and setting up of an export house, the minister said in his address during the digital launch of the onboarding of cooperatives. According to the Cooperation ministry, 589 cooperatives have been shortlisted for onboarding on the GeM portal and NCUI has reached out to all cooperative federations and conducted virtual meets of national and state federations and of eligible cooperatives sector-wise to update them about the benefits of selling via GeM portal.

<https://www.financialexpress.com/industry/sme/msme-eodb-more-than-300-cooperatives-on-gem-portal-to-procure-goods-services-cooperation-minister-amit-shah/2623167/>

### **Passenger vehicle sales in 2022 set to beat record estimates**

India's passenger vehicle sales this year are expected to be about a quarter of a million units more than the initial projections that were themselves for record high volumes, industry executives said. The industry is upbeat amid improving component supplies that is helping automakers step up production and clear backlogs faster, and new bookings that continue to be strong ahead of the festive season despite high inflation and increasing interest rates. "This will be the best ever year for car sales," said Vinkesh Gulati, president of the Federation of Automobile Dealers Association, who added that customer demand was still more than supplies. "Every month, whatever we sell, we get 5-10% more bookings which add on to the backlog," he said. The industry had its best year so far in 2018, with sales of 3.39 million units. These are dispatches from factories and not retail sales, which automakers in India usually do not report.

<https://economictimes.indiatimes.com/industry/auto/auto-news/passenger-vehicle-sales-in-2022-set-to-beat-record-estimates/articleshow/93440429.cms>

### **Domestic tractor sales dip 15% in July, exports grow**

The month of July proved to be a mixed bag for the tractor industry as production surpassed the one-lakh mark for the second consecutive month and exports stayed robust, but domestic sales reported a year-on-year and month-on-month decline. Domestic tractor sales stood at 55,211 units last month compared to 65,216 units in July 2021, a decline of 15 per cent. The decline was higher at 42 per cent compared with June volumes, according to the data provided by Tractor & Mechanization Association (TMA). The reduction in sales was due to a combination of base effect, uneven monsoon, as well as partial delay in the kharif season. "To be sure, the rice crop has been affected in the eastern region, and this may impact overall rice output this fiscal. Besides, high input inflation resulting in higher cost of tractors and increasing cost of ownership (due to higher interest rates) also impacted sales," said Anuj Sethi, Senior Director, Crisil Ratings.

<https://www.thehindubusinessline.com/economy/agri-business/domestic-tractor-sales-dip-15-in-july-exports-grow/article65750517.ece>

#### **Luxury retail companies on a hiring spree to help drive expansion: Report**

Luxury retail companies are looking for talent across levels to drive country expansion, omnichannel strategy and marketing, according to placement and search firms Korn Ferry and Stanton Chase. India is emerging as a strong market for luxury retail, and the sector is expected to reach \$8.5 billion in valuation this year, according to data from Euromonitor International. The country already has the presence of Louis Vuitton, Tommy Hilfiger, Gucci, and Burberry, while Valentino and Balenciaga are set to launch in India this year. Many more brands are likely to follow, as well as look at scaling up their operations in India directly and/or through franchises, said Rajat Wahi, partner, consulting, Deloitte India.

<https://economictimes.indiatimes.com/industry/services/retail/luxury-retail-companies-on-a-hiring-spreed-to-help-drive-expansion-report/articleshow/93463471.cms>

#### **Hotels, eateries have their plates full in Q1, some even post record numbers**

Despite a challenging inflationary environment, global geopolitical tensions and the pandemic, hotel chains and restaurant companies have reported impressive results for the April-June quarter with some even posting record numbers. Industry experts said the near-term outlook for the sector looked promising, too. Tata Group-backed Indian Hotels Company (IHCL) posted revenue from operations of ₹1,266 crore, an over three-and-a-half-fold increase from a year earlier when the hospitality industry was beset by the second wave of Covid-19. It also posted a profit of ₹181 crore, compared with a ₹302 crore loss during April-June 2021.

<https://economictimes.indiatimes.com/industry/services/hotels/-restaurants/hotels-eateries-have-their-plates-full-in-the-april-june-quarter-some-even-post-record-numbers/articleshow/93463403.cms>

#### **Indian Deep Tech firms team up to take on giants in 5G gear supply**

A group of 60 indigenous companies have forged an alliance under the banner of VoICE — Voice of Indian Communication Technology Enterprises — in a bid to bag telecommunications contracts from telecom operators and government agencies, who will be undertaking capex in the much-awaited 5G rollout. This consortium aims to take on global vendors such as Nokia and Ericsson and provide "Made in India" solutions for telecommunications use cases in 4G and 5G to a variety of players. VoICE comprises Indian registered companies looking to provide design-led solutions covering 4G, 5G, Internet of Things and Machine to Machine use cases based on Indian IPR. Many new start-ups are also a part of this consortium. Led by former Advisor of Technology for the Department of Telecommunication, Rakesh Kumar Bhatnagar, this consortium is purportedly the first and only society for Indian deeptech and communication technology companies. This consortium aims to provide a single platform for end to end telecommunication eco system covering all aspects of the network.

<https://www.thehindubusinessline.com/info-tech/consortium-of-deep-tech-start-ups-aims-to-take-on-global-giants-to-bag-5g-contracts/article65749856.ece>

### **Agriculture**

#### **Rice acreage down 13% till Aug 5 due to rain shortfall**

Rice sowing in the current kharif season has dropped 13% till August 5 due to rainfall deficiency in main paddy-producing states, causing concern in a year when wheat output has fallen and the government's own procurement of the cereal has dropped drastically. The area covered under paddy stood at 274.30 lakh hectare as on August 5,

against 314.14 lakh hectare in the corresponding period last year, according to data released by the agriculture ministry on Monday. Less paddy acreage is reported in the largest paddy-producing state, West Bengal, Jharkhand, Bihar, Chhattisgarh, Uttar Pradesh, Madhya Pradesh, Odisha and Telangana.

<https://economictimes.indiatimes.com/news/economy/agriculture/rice-acreage-down-13-till-aug-5-due-to-rain-shortfall/articleshow/93439236.cms>

#### **Kharif pulses output may fall short by 20 per cent on concerns over harvest size**

Even as the country is in the latter half of the June to September southwest monsoon cycle, concerns about Kharif pulse crops are emerging rapidly. The key pulse crops for this season include tur/arhar (pigeon pea), black matpe (urad) and green gram (moong). The government has set a Kharif 2022-23 season production target at 105.5 lakh tonnes. The normal area under Kharif pulses is at 140 lakh hectares. As of August 5, the area coverage is at 116.4 lakh ha, marginally lower than 119.4 lakh ha this time last year on delayed sowing stalled due to monsoon progress in June. However, the planting window is closing rapidly as there will be a lag between actual planting and the time of reporting by the government. By the end of August, we would hopefully have the final acreage data.

<https://www.thehindubusinessline.com/markets/commodities/kharif-pulses-output-may-fall-short-by-20-per-cent-on-concerns-over-harvest-size/article65750420.ece>

#### **Higher sugarcane area may pose problems for mills next season**

With the area under sugarcane for the 2022-23 season (October-September) likely to be higher by at least four per cent, India is expected to go through a sugar season similar to the current season. But there are a few challenges to mount, especially for sugar mills to crush all the available sugarcane and pay timely FRP (fair and remunerative price) to farmers. The coming sugar season is likely to witness some changes in sugarcane cutting with mills likely to opt for harvesters rather than cane cutters. According to Ministry of Agriculture and Farmers' Welfare data, the area under sugarcane as of August 4, 2022, was 54.67 lakh hectares (lh) against 54.42 lh during the same period a year ago. So far, the coverage is up 15.39 per cent higher than the normal area. In Uttar Pradesh, sowing has been completed on 23.60 lh, while in Maharashtra the acreage is 12.70 lh and in Karnataka 6.34 lh.

<https://www.thehindubusinessline.com/economy/agri-business/higher-sugarcane-area-may-pose-problems-for-mills-next-season/article65749972.ece>

### **Infrastructure**

#### **Govt will re-evaluate airfare cap depending on ATF price movement: Scindia**

The government will certainly re-evaluate the fare cap in place for domestic airlines once there is a healthier environment in terms of jet fuel prices, according to Civil Aviation Minister Jyotiraditya Scindia. Against the backdrop of lingering pandemic blues, the ministry has put in the fare cap system for the local airlines. Currently, the fare capping is applicable on a rolling basis for a 15-day cycle. In an interview to PTI, Scindia said that as it stands today, the fares of airlines are not close enough to the low portion of the fare cap and are very far away from the high portion of the fare cap.

<https://economictimes.indiatimes.com/industry/transportation/airlines/-aviation/govt-will-re-evaluate-airfare-cap-depending-on-atf-price-movement-scindia/articleshow/93453835.cms>

### **Energy**

#### **Solar adds record capacity in H1-2022, but may miss the overall target**

With the addition 8.40 GW to the grid, the solar power segment in the country has achieved its highest ever half-early capacity addition in this calendar year. The new capacity addition in the solar power segment during January-June 2022 period stood at about 8.36 GW (includes utility-scale, rooftop and off-grid), based on data provided by the Union Ministry of New and Renewable Energy. According to JMK Research, the solar segment's new capacity addition during the first half is 71 per cent higher compared to the year-ago period. Among the states, Rajasthan, which is the leader in renewable capacity in the country, added the highest capacity of 4.5 GW capacity, followed by Gujarat (1.5 GW) and Tamil Nadu (0.86 GW) during H1 of 2022.

<https://www.thehindubusinessline.com/economy/solar-adds-record-capacity-in-h1-2022-but-may-miss-the-overall-target/article65750076.ece>

### **Assam looks to generate 2,000 MW solar power at investment of Rs 10,000 crore**

Assam is looking to augment its solar power generation capacity with Assam Power Distribution Company Ltd (APDCL) inking an MOU with NLC India Limited for setting up a 1000 MW renewable power plant in the state. The MoU was signed by the Managing Director APDCL Rakesh Kumar and Director Planning and Projects of NLC India Limited K. Mohan Reddy in presence of Chief Minister Himanta Biswa Sarma and Union Minister for Coal, Mines Pralhad Joshi in Guwahati. Under the MoU, the 1000 MW solar power plant to be set up in Assam will be a joint venture project on 49:51 ratios between APDCL and NLCIL to support the increasing power requirement of the state.

<https://economictimes.indiatimes.com/industry/renewables/assam-looks-to-generate-2000-mw-solar-power-at-investment-of-rs-10000-crore/articleshow/93460198.cms>

## **Healthcare**

### **Health Ministry likely to approve Corbevax as booster for adults vaccinated with Covishield, Covaxin**

Biological E's Corbevax vaccine might soon get an approval by the health ministry to be used as a booster dose for people above 18 years, who are double vaccinated with either Covishield or Covaxin, reported PTI citing official sources on Tuesday. The approval of the vaccine will be based on the recommendations made by the Covid-19 Working Group of the National Technical Advisory Group on Immunisation (NTAGI) last week. In case the vaccine gets an approval, it will be the first time a booster dose of a Covid vaccine different from the one used for primary vaccination would be allowed in the country.

<https://economictimes.indiatimes.com/news/india/health-ministry-likely-to-approve-corbevax-as-booster-for-adults-vaccinated-with-covishield-covaxin/articleshow/93457581.cms>

## **External**

### **Talks on free trade agreement with UK moving at faster pace: Goyal**

Negotiations for the proposed free trade agreement between India and the UK is progressing at a faster pace, commerce and industry minister Piyush Goyal said on Tuesday. The agreement is aimed at boosting bilateral trade and investments between the two countries. India has signed a trade pact with the UAE in a "record" time and "now our talks with the UK is moving at a faster pace", Goyal said. In such pacts, two or more countries significantly reduce or eliminate customs duties on maximum number of goods traded between them. Besides, they ease norms for promoting trade in goods and investments.

<https://economictimes.indiatimes.com/news/economy/policy/talks-on-free-trade-agreement-with-uk-moving-at-faster-pace-goyal/articleshow/93453051.cms>