



September 29, 2022 – Thursday

## Economy

### Household savings in India dip to lowest in five year as inflation persists

The savings of Indian households fell to the lowest level in last five years in the year ending March 31, 2022. As the inflation eroded the purchasing power, people dug into their savings to spend after the pandemic, a report by Mint stated. Compared with 15.9 per cent in FY21, the gross financial savings of households stood at 10.8 per cent in FY22. In the three previous fiscal years, it was 12 per cent. According to Mint, people had saved money during the early days of the pandemic as a protection for their health and jobs. However, as the economy started to open up, they went on 'revenge spending', depleting their savings. "The pent-up demand scenario has ensured that people are spending. However, a situation where people are still spending despite not enough income being generated and not enough jobs being created indicates that they are dipping into their savings," said Madan Sabnavis, chief economist of Bank of Baroda told Mint.

[https://www.business-standard.com/article/economy-policy/household-savings-in-india-dip-to-lowest-in-five-year-as-inflation-persists-122092800195\\_1.html](https://www.business-standard.com/article/economy-policy/household-savings-in-india-dip-to-lowest-in-five-year-as-inflation-persists-122092800195_1.html)

### Icra maintains 7.2 pc GDP forecast for FY23

Citing revival in contact-intensive services and a pick-up in government and private expenditure, rating agency Icra on Wednesday retained its previous growth forecast of 7.2 per cent for the current fiscal. Growth is expected to pick up to pre-Covid levels on the back of pent-up demand, even though on an annualised basis, the absolute numbers will be falling from Q1 (13.5 per cent) to a much lower level in Q2 and further down in the two remainder quarters due to the high base, the agency said. At 7.2 per cent, the number is marginally higher than most consensus forecast of 7 per cent and 10 bps lower than what S&P forecast earlier this week. The RBI is widely believed to again lower its growth forecast at its September 30 monetary policy review from the previous projection of 7.2 per cent.

<https://www.financialexpress.com/economy/icra-maintains-7-2-pc-gdp-forecast-for-fy23/2694411/>

## Banking and Finance

### Fall of industrial loan share in bank credit, personal loans up: RBI data

The Reserve Bank on Wednesday notified that the share of industrial loans in total credit has been gradually declining over the last decade while that of personal loans is on the rise. As per the 'Basic Statistical Return on Credit by Scheduled Commercial Banks (SCBs) in India - March 2022' released by the RBI, both industrial and personal loans had nearly 27 per cent credit share each in March 2022. Likewise, after declining the previous year, loans to the industrial sector saw a 4.7% gain in 2021–22.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/fall-of-industrial-loan-share-in-bank-credit-personal-loans-up-rbi-data/articleshow/94515574.cms>

### India doesn't need so many public sector banks, says former SBI chief

India needs 'fewer' but stronger Public Sector Banks (PSBs), and the smaller ones could be privatised or merged, former SBI chief Arundhati Bhattacharya has said. Bhattacharya further said much of the goals that are expected to be achieved through privatisation of PSBs can also actually be achieved by enabling the state-owned banks and by

levelling the playing field. "The thing is, privatisation has never been the answer to all the ills," she told PTI while responding to a question on former RBI governor D Subbarao's suggestion that the government should come up with a 10-year road map for privatisation of all PSBs. "I don't really believe that we need so many public sector banks either, the number of PSBs could be decreased. "Some of them could be privatised. And maybe you know, the stronger ones could still remain public sector banks," said Bhattacharya, who is currently the chairperson and CEO of Salesforce India.

[https://www.business-standard.com/article/economy-policy/india-doesn-t-need-so-many-public-sector-banks-says-former-sbi-chief-122092800762\\_1.html](https://www.business-standard.com/article/economy-policy/india-doesn-t-need-so-many-public-sector-banks-says-former-sbi-chief-122092800762_1.html)

#### **PSBs plan to set up big data and analytics verticals**

State-run banks will set up dedicated verticals for big data and analytics, and integrate all data sources, eyeing a shift to a more data-driven decision-making. The move follows the government's directive to lenders to strengthen data-driven, integrated and inclusive banking. In the next one year, public sector banks will also roll out digital-only products and services, designed for minimum data entry, automated checks, and underwriting for retail customers and micro, small and medium enterprises. A senior bank executive confirmed the development and said these metrics will be part of the banks' reform agenda, Enhanced Access and Service Excellence (EASE 5.0).

<https://economictimes.indiatimes.com/industry/banking/finance/banking/psbs-plan-to-set-up-big-data-and-analytics-verticals/articleshow/94517835.cms>

#### **India's massive card security deadline unlikely to be extended**

India's central bank is unlikely to extend a Friday deadline for businesses to set up an additional layer of security for consumers' credit card data even after some concerns remain over payments failing and revenue losses, say bankers and merchants. Despite a demand by smaller merchants to delay the compliance date, there has been no indication so far by the central bank that there is likely to be an extension in deadline, three banking and merchant sources with knowledge of the matter told Reuters. "The general sense is that banks, card networks and (bigger) merchants are better prepared and so the push from the ecosystem side for an extension has also not been massive and we haven't received any indication to suggest an extension either," said a banker with a large state-owned bank.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/indias-massive-card-security-deadline-unlikely-to-be-extended/articleshow/94516451.cms>

#### **NBFCs stare at a liquidity squeeze amid debt fund outflow, low bank funds**

Non-banking financial companies (NBFCs) are staring at a liquidity squeeze wrought by an outflow from the debt funds and reduced banking system funding. With banks witnessing a multi-year high credit demand and chasing deposits, the lending cost for non-bank lenders with 3-5 year corporate bonds yields have risen 120-160 basis points since March. "Borrowing costs have definitely risen, but anecdotally we hear that the lower rated non-banks are facing funding issues. But it could be temporary due to the high credit demand period. We will have to see how this pans out after the festive period is over," the CEO of a large non-bank lender said on condition of anonymity.

<https://economictimes.indiatimes.com/industry/banking/finance/nbfc/nbfc-stare-at-a-liquidity-squeeze-amid-debt-fund-outflow-low-bank-funds/articleshow/94518396.cms>

#### **GST revenue in September likely at Rs 1.45 lakh crore**

Goods and Services Tax (GST) revenue mop-up in September is expected to be around Rs 1.45 lakh crore, an official said. The collection has been over Rs 1.4 lakh crore since March and in August it was Rs 1.43 lakh crore. "The collection in September is likely to be little more than Rs 1.45 lakh crore. Improved business activity is expected to yield better collections in coming months," the official said. Official revenue figures will be released on October 1. "The collection in September is likely to be little more than Rs 1.45 lakh crore. Improved business activity is expected to yield better collections in coming months," the official said. Official revenue figures will be released on October 1.

<https://www.financialexpress.com/economy/gst-revenue-in-september-likely-at-rs-1-45-lakh-crore/2693893/>

### **Industry**

#### **Carmakers on road to log record dispatches in September**

India's automakers are set to report the highest monthly dispatches of passenger vehicles in September, as they build stocks at dealerships for delivery to waiting customers during the festive season. Industry insiders estimate the dispatches of cars, utility vehicles and vans from factories - which automakers report as sales - to total about 350,000 units this month, generating more than ₹25,000 crore of business. The projected numbers are 81% more than the dispatches in September last year, when a component shortage had started affecting production. In the past five years, the sales in September have been between 185,000 and 292,000 units. The previous peak of monthly wholesale volume was 341,371 units in July this year.

<https://economictimes.indiatimes.com/industry/auto/auto-news/carmakers-on-road-to-log-record-dispatches-in-september/articleshow/94518402.cms>

#### **Retail cos leveraging AI to grow revenue, shifting focus to customer experience, front-end | Nasscom Interview**

The retail industry is witnessing a steady adoption of cloud, AI and related technologies, and is now one of the top sectors in terms of growth in digital transformation. In fact, 70 per cent of the companies surveyed by NASSCOM said that they focus on revenue growth leveraging AI and thus are also increasing their AI spends. "As retail firms in India assess, test and scale-up their AI spend, significant upfront effort may yield greater than desired results for the future of AI within their firms," Madhav Bissa, Program Director – Data Science & Artificial Intelligence, NASSCOM, told FinancialExpress.com. The retail sector is also witnessing a shift in focus of solutions from back-end operations to more front-end value chain of retail such as customer experience, retention, recommendation engine, etc. The recent demand by retail brands of today is more technology providers who offer a full stack capability, bringing 'infrastructure, data, intelligence and applications together to provide seamless operations across businesses'. Madhav Bissa talked about the growing relevance of technology and integration of AI in various aspects of the retail industry.

<https://www.financialexpress.com/industry/retail-cos-leveraging-ai-to-grow-revenue-shifting-focus-to-customer-experience-front-end-nasscom-interview/2693609/>

#### **Indian small businesses are at the highest risk of cyber attacks: Report**

India is among the top countries hit by ransomware attacks with more than half targeted at the country's small businesses, revealed a report by the cybersecurity company, NordLocker. Small businesses with an employee base of 500 are at the highest risk of ransomware attacks, accounting for around 54 percent of total attacks from January 2020 to July 2022. The report found out that the top five sectors prone to cyber attacks are: Information Technology (IT) sector (at 23.40 per cent) followed by manufacturing (10.90 per cent), consumer services (9.4 per cent), finance (9.4 per cent), and energy (6.3 per cent) respectively. "Ransomware is a type of cyberattack that forces a company's operations to a halt by taking possession of its most crucial and sensitive files and demanding a ransom from the company to get the data back. This type of attack is extremely effective. In the past few years, cases have grown exponentially, while cybersecurity awareness has failed to catch up," said Tomas Smalakys, NordLocker's Chief Technology Officer.

<https://www.financialexpress.com/industry/sme/msme-tech-indian-small-businesses-are-at-the-highest-risk-of-cyber-attacks-report/2694417/>

#### **Hybrid cloud critical to modernization but security and compliance concerns remain: IBM Report**

While 85% of respondents in India have adopted a hybrid cloud approach that can help drive digital transformation, the majority of them are struggling with the complexity to make all their cloud environments work together, according to a new market research from IBM. As organizations face skills gaps, security challenges, and compliance obstacles, only 30% of Indian respondents manage their hybrid cloud environments holistically – which can create blind spots and put data at risk. The IBM Transformation Index: State of Cloud commissioned by IBM and conducted by independent research firm, The Harris Poll, was created to help organizations map their cloud transformation and empower them to self-classify their progress. The Index consisted of more than 3,000 business and technology decision makers from 12 countries including India, and across 15 industries including financial services, manufacturing, government, telecommunications, and healthcare. The Index points to a strong correlation between hybrid cloud adoption and progress in digital transformation. In fact, 76% of those surveyed think it's difficult to realize the full potential of a digital transformation without having a solid hybrid cloud strategy in place. At the same time, only 39% of Indian respondents said that they have proven the benefits of cloud and are now focused on using it more fully.

<https://www.financialexpress.com/industry/technology/hybrid-cloud-critical-to-modernization-but-security-and-compliance-concerns-remain-ibm-report/2693682/>

## Agriculture

### Crops' share in agriculture drops to 55.5%, shows data

The share of crops in India's agriculture fell to 55.5% in 2019-20 from 62.4% in 2011-12, the ministry of statistics and programme implementation said on Wednesday. In a report on state-wise and item-wise value of output, the ministry said agriculture, forestry and fishing accounted for 18.3% of the gross value added (GVA) at current basic prices in 2019-20, down from 18.5% in 2011-12 but the share of this sector in overall GVA of the country showed a "fluctuating trend over the years". It was 17.6% in 2018-19 and 18.6% in 2013-14. "Cereals' and 'fruits and vegetables' (two largest groups of crops) together accounted for more than 52% of the sector in 2011-12, and increased to 55% in 2019-20," the ministry said. The gross value output (GVO) of cereals, at ₹336,400 crore, was highest among all the crop-groups in 2011-12. However, in 2019-20, GVO of 'fruits and vegetables' was ₹383,300 crore, about ₹6,000 crore higher than that of cereals, according to the report.

<https://economictimes.indiatimes.com/news/economy/agriculture/crops-share-in-agriculture-drops-to-55-5-shows-data/articleshow/94518464.cms>

### Wheat prices rise up to 3% on festive demand

Wheat prices have jumped 1.5% to 3% in September on festival season demand. The extension of the Prime Minister Garib Kalyan Yojana (PMGKY) announced on Wednesday is now expected to tamp down prices by increasing the total availability of wheat in the market. "Wheat prices, which were suppressed after the ban on wheat flour exports, have increased by Rs 70-80/quintal across the country during last fortnight touching Rs 2430-2450/quintal," said Navneet Chitalangia, a leading flour miller from Rajasthan. Trade was expecting wheat prices to move upward substantially had the central government not extended the PMGKY. "The rate of increase in wheat prices will be slower as distribution of grains under PMGKY will increase total supplies of wheat," said a trader, requesting not to be identified.

<https://economictimes.indiatimes.com/news/economy/agriculture/wheat-prices-rise-up-to-3-on-festive-demand/articleshow/94518500.cms>

## Infrastructure

### Cabinet approves redevelopment of three railway stations

The Union Cabinet has approved the redevelopment of three railway stations at New Delhi, Ahmedabad and Chhatrapati Shivaji Maharaj Terminus (CSMT) at Mumbai at a total cost of ₹10,000 crore. The decision was taken at a meeting of the Union Cabinet chaired by Prime Minister Narendra Modi on Wednesday. "Today's Cabinet decision gives a new direction to the station development. The design of these stations will be in line with the cityscape to make sure it becomes an integral part of the city," Railway Minister Ashwini Vaishnaw said at a media briefing. Tenders for the redevelopment of these three stations will be issued in the next 10 days. It is expected that the redevelopment of New Delhi Railway Station will be completed in three-and-a-half years while work for Ahmedabad and CSMT will be finished in two-and-a-half years. "India's infrastructure has to be futuristic. Today's Cabinet decision on redevelopment of New Delhi, Ahmedabad and Chhatrapati Shivaji Maharaj Terminus reflects this vision of the Government. These stations will be modernised and will further 'Ease of Living'," Prime Minister Narendra Modi tweeted.

<https://www.thehindubusinessline.com/economy/cabinet-approves-redevelopment-of-three-railway-stations/article65945929.ece>

## Energy

### Solar projects awarded before customs duty change allowed cost pass-through

Solar power projects awarded before the basic customs duty (BCD) on imported equipment kicked in have been allowed by the government to pass on the additional cost of procuring expensive cells and modules. The government imposed 25 per cent BCD on imported solar cells and 40 per cent on imported modules from April 2022 to support

domestic manufacturing. Nearly 85 per cent of Indian solar capacity is built on imported cells and modules, mostly from China. A notification by the ministry of new and renewable energy (MNRE) said on Tuesday: "solar photovoltaic (PV)/solar PV-wind hybrid power projects wherein last date of bid submission was on or before the announcement on March 9, 2021, the renewable energy implementing agencies can consider imposition of BCD on import of solar cells and modules under 'change in law', unless disallowed under any specific provision of the tender document."

[https://www.business-standard.com/article/economy-policy/solar-projects-awarded-before-customs-duty-change-allowed-cost-pass-through-122092800505\\_1.html](https://www.business-standard.com/article/economy-policy/solar-projects-awarded-before-customs-duty-change-allowed-cost-pass-through-122092800505_1.html)

## Telecom

### 5G-adoption readiness in India twice that of the UK and the US: Report

With over 100 million smartphone users ready to upgrade to the 5G network by 2023, India's readiness to adopt the upcoming network is twice that of other markets across the globe like the UK and the US, a study revealed on Wednesday. Intention to upgrade to 5G in urban India is two times higher than their counterparts in markets like the UK and US where 5G has already been launched. Over the past two years, India has witnessed a three times increase in smartphone users who own a 5G handset," the Promise of 5G report released by Ericsson ConsumerLab said. Fifty-nine per cent of all smartphone users in the country intend to upgrade to 5G in the next 12 months. Out of these 59 per cent, "36 per cent plan to churn to the best provider of the 5G network when it is available," according to the report.

[https://www.business-standard.com/article/technology/5g-adoption-readiness-in-india-twice-that-of-the-uk-and-the-us-report-122092800867\\_1.html](https://www.business-standard.com/article/technology/5g-adoption-readiness-in-india-twice-that-of-the-uk-and-the-us-report-122092800867_1.html)

## States

### UP Govt approves MSME Promotion Policy 2022 and UP Bioenergy Policy 2022

Uttar Pradesh cabinet on Tuesday approved a Micro Small Medium Enterprises Promotion Policy (MSME) 2022 and Uttar Pradesh Bioenergy Policy-2022 to help setting up of MSMEs and bioenergy projects, as per a report by Hindustan Times. The state cabinet also approved a proposal to reorganise the State Planning Commission as the State Transformation Commission (STC) on the pattern of the Niti Aayog. UP Chief minister Yogi Adityanath chaired the meeting of the state cabinet that decided to set up the State Transformation Commission. As a part of the new MSME promotion policy, a decision to identify 5 acres or more land in every village panchayat has been taken, in order to boost the MSMEs in villages. The identified land would be then transferred to the directorate of industry. The policy suggested developing industrial belts on both the sides of expressways, the report said. Five acres or more land within five km or more area on both the sides of expressways under the policy to be identified and developed as industrial clusters to facilitate setting up of the MSMEs. Private sectors holding 10 acres or more land will also be encouraged to develop industrial parks etc.

<https://www.financialexpress.com/industry/sme/msme-eodb-up-govt-approves-msme-promotion-policy-2022-and-up-bioenergy-policy-2022/2693994/>

## External

### India proposes 15 pc retaliatory duties on 22 items imported from UK

In retaliation to Britain's decision to impose restrictions on steel products, India has proposed additional customs duties of 15 per cent on the import of 22 products, including whiskey, cheese and diesel engine parts, from the UK. In a communication to the World Trade Organisation (WTO), India said it is estimated that the safeguard measures taken by the UK on steel products have resulted in the decline of exports to the tune of 2,19,000 tonnes on which the duty collection would be USD 247.7 million. Accordingly, India's proposed suspension of concessions would result in an equivalent amount of duty collected from products originating in the UK, it said. "India hereby notifies the (WTO's) Council for Trade in Goods of its decision to suspend concessions or other obligations under the General Agreement on Tariffs and Trade 1994 and the Agreement on Safeguards that are substantially equivalent to the amount of trade affected by the measures of the UK," it added.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-proposes-15-pc-retaliatory-duties-on-22-items-imported-from-uk/articleshow/94515976.cms>

### **Govt further extends deadline for broken rice export in-transit before ban**

The central government, on Tuesday, further extended the deadline to October 15 for the in-transit stock of broken rice. The Centre had imposed a ban on the export of broken rice, effective from September 9. The notification regarding the ban was issued on September 8, which mentioned that certain broken rice shipments will be immune to the ban during the period September 9 to September 15. The deadline for the same was recently extended to September 30. Now in a notification issued by the Directorate General of Foreign Trade, the deadline has seen an extension of 15 days. The notification comes into force with immediate effect. Broken rice is mainly exported to China, Indonesia, Vietnam, and Djibouti. The crop is used for consumption by domestic poultry, which was a contributing factor to the imposition of ban. In addition, the usage of broken rice in the Ethanol Production also prompted the government to tackle the supply constraints. The central government is eyeing a smooth functioning of the Ethanol Blending Programme to achieve the blending targets (20 per cent blending of ethanol in petrol, for instance) by 2025-26.

<https://www.financialexpress.com/economy/govt-further-extends-deadline-for-broken-rice-export-in-transit-before-ban/2693765/>

### **India, Netherlands formalise fast-track mechanism for investments**

India and the Netherlands have signed a joint statement to formalise a bilateral fast-track mechanism (FTM) which will serve as a platform for faster resolution of investment cases of Dutch companies operating in India. The Netherlands' Ambassador to India, Marten van den Berg, and Department for Promotion of Industry and Internal Trade (DPIIT) Secretary, Anurag Jain, formally signed and exchanged the joint statement on September 27, per an official statement issued by the Commerce & Industry Ministry on Wednesday.

<https://www.thehindubusinessline.com/economy/india-netherlands-formalise-fast-track-mechanism-for-investments/article65946458.ece>

### **India's potash facing demand destruction as world reels from high prices**

India, one of the world's biggest potash importers, is facing demand destruction due to high prices and the loss of critical supplies from Belarus and Russia. Potash consumption will probably fall to 3 million tons in the year through March 2023 from 5 million a year earlier, according to P.S. Gahlaut, managing director of Indian Potash Ltd., the country's top importer of the crop nutrient. Farmers have been using less of it to grow crops like rice, wheat and sugar. Potash is a fertilizer that helps plants withstand drought and diseases. Prices soared earlier this year after the invasion of Ukraine, with many shippers, banks and insurers avoiding trade with Russia even though fertilizers are not directly targeted by sanctions. The industry is also contending with US and European Union sanctions on potash sales from Belarus, as well as China's move to restrict exports to protect its domestic market.

[https://www.business-standard.com/article/economy-policy/india-s-potash-facing-demand-destruction-as-world-reels-from-high-prices-122092800486\\_1.html](https://www.business-standard.com/article/economy-policy/india-s-potash-facing-demand-destruction-as-world-reels-from-high-prices-122092800486_1.html)