



ਪੰਜਾਬ ਨੈਸ਼ਨਲ ਬੈਂਕ  
punjab national bank



JUNE 2022

ਜੂਨ 2022

**PNB**

**EC  LENS**

**MONTHLY BULLETIN**

ਪੀਐਨਬੀ ਈਕੋਲੈਂਸ ਮਾਸਿਕ ਬੁਲੇਟਿਨ



**STRATEGIC MANAGEMENT AND ECONOMIC ADVISORY DIVISION**

ਕਾਰਜਨੀਤਿ ਪ੍ਰਬੰਧਨ ਏਵੰ ਆਰਥਿਕ ਪਰਾਮਰ੍ਸ਼ ਪ੍ਰਭਾਗ



**Published by:**

*Punjab National Bank*

*Strategic Management & Economic Advisory Division (SMEAD)*

*Corporate Office, Plot No. 4, Sector 10,*

*Dwarka, New Delhi-110075*

**निम्न द्वारा प्रकाशित:**

पंजाब नेशनल बैंक

कार्यनीति प्रबंधन एवं आर्थिक परामर्श प्रभाग

कॉर्पोरेट कार्यालय, प्लॉट सं. 4, सेक्टर-10,

द्वारका, नई दिल्ली-110075

**Disclaimer:** *The opinion/information expressed/compiled in this bulletin is of Bank's Research team and does not reflect opinion of the Bank or its Management or any of its subsidiaries. The contents can be reproduced with proper acknowledgement to the original source/authorities publishing such information. Bank does not take any responsibility for the facts/figures represented in the bulletin and shall not be held liable for the same in any manner whatsoever.*

**घोषणा:** इस बुलेटिन में व्यक्त/संकलित विचार/सूचना, बैंक की रिसर्च (अनुसंधान) टीम की है, और यह बैंक या उसके प्रबंधन या उसकी किसी सहायक कंपनी के विचार को नहीं दर्शाती है। उक्त विषय को इस प्रकार की सूचना प्रकाशित करने वाले मूल स्रोत/प्राधिकारियों को उचित पावती के साथ पुनः प्रस्तुत किया जा सकता है। बुलेटिन में दर्शाए गए तथ्यों/आंकड़ों के लिए बैंक कोई जिम्मेदारी नहीं लेता है और बैंक इसके लिए किसी भी तरह से उत्तरदायी नहीं होगा।

***For any feedback or valuable suggestions: Reach us at [eicsmead@pnb.co.in](mailto:eicsmead@pnb.co.in)***



## CONTENTS

<u>SL. No.</u>	<u>Subject</u>	<u>Page Nos.</u>
<b>1</b>	<b>FROM THE DESK OF CHIEF ECONOMIST:</b> Indian Economy steering through strong global headwinds	<b>4</b>
<b>2</b>	<b>EXCERPTS: WEO – WAR SETS BACK THE GLOBAL RECOVERY</b>	<b>6</b>
<b>3</b>	<b>HIGHLIGHTS OF RBI MONETARY POLICY – 8<sup>TH</sup> JUNE</b>	<b>7</b>
<b>4</b>	<b>DAILY ECONOMIC INDICATORS</b>	<b>8</b>
<b>5</b>	<b>MONTHLY &amp; FORTNIGHTLY ECONOMIC INDICATORS</b>	<b>9</b>
a	Consumer Price Index (CPI)	9
b	Wholesale Price Index (WPI)	10
c	Index of Industrial Production (IIP) & Core Sectors	11
d	Purchasing Managers' Index (PMI)	12
e	Goods & Services Tax (GST)	12
f	Foreign Trade	13
g	Sectoral Credit	14
h	Bank Deposit & Credit	14
<b>6</b>	<b>QUARTERLY ECONOMIC INDICATORS</b>	<b>15</b>
a	Gross Domestic Product (GDP) & Gross Value Added (GVA)	15
<b>7</b>	<b>MONEY SUPPLY</b>	<b>17</b>
<b>8</b>	<b>GLOBAL INTEREST RATES</b>	<b>17</b>
<b>9</b>	<b>INDUSTRY OUTLOOK – Healthcare and Infrastructure</b>	<b>18</b>
<b>10</b>	<b>EXTRACTS FROM NEWS ON BANKING AND FINANCIAL EVENTS</b>	<b>19</b>
<b>11</b>	<b>ECONOMIC CALENDAR</b>	<b>22</b>
<b>12</b>	<b>DATA SOURCES &amp; QUOTE OF THE MONTH</b>	<b>23</b>



## **Indian Economy steering through strong global headwinds**

RBI, on expected lines unanimously raised the policy rate by 50 bps in its recent Monetary Policy meet and changed its stance to 'withdrawal of accommodation'. RBI has given clear guidance to the market that it is focused on bringing back the inflation in its tolerance band of 2-6%, alongside supporting growth.

### **Fed Rate Hike**

The significant event this week was a 75 bps hike of the benchmark interest rate by US Federal Reserve. It is the third increase this year and the steepest hike since 1994. Fed has also announced another 175 bps rate hikes this year. The measure was taken by the Fed in response to 40 year high inflation registered in US at 8.6%. These numbers substantiate the challenging times the global economy is passing through.

The super-sized rate hike and Fed's policy tightening trajectory will have ripple effects across many economies. Indian economy also will have to brace for the impact.

In the aftermath of the COVID shock, interest rates in the US moved down to near zero to support the economy. Low interest rates in the US and other advanced economies increased the interest differential and attracted dollar inflows in emerging markets such as India. This also caused a surge in domestic equity indices and bond markets. But now as the inflation pressures in the US are mounting, the Fed is compelled to raise the benchmark rates. This will narrow the interest differential between US and emerging economies and will lead to capital outflow, exerting pressure on Indian Rupee. The expectations of a US recession are getting more entrenched and the chances of a soft landing of the economy are getting glimmer. In the US, in recent months, there have been multiple episodes where the yield curve has inverted — meaning that the yield on short-term bonds has risen faster than those on long-term bonds. An inverted yield curve signals at growing fear of impaired economic performance among investors.

### **External Sector**

The Fed rate hike will have a direct impact on the external sector of India. The escalating pressure on Indian rupee is evident given the INR is recording new lifetime lows frequently despite aggressive central bank intervention. In this calendar year, the rupee has depreciated by 5 per cent against the dollar. With continued uncertainty surrounding the war, capital is flowing to safe havens like the US, imparting strength to the dollar. In this calendar year, FIIs have pulled out more than \$26 billion from debt and equity.

Consequently, weaken rupee will worsen the situation of imported inflation. Depreciated rupee will further increase the cost of imported crude oil, thus fueling up the inflation in the domestic economy. We expect Indian rupee to trade in the range of Rs.77-80 per dollar for the next 2-3 quarters.

The slowdown in the US economy & Euro Area will also dent India's exports growth as US is India's biggest trading partner. In FY 2021-22, US accounted for 18% of India's exports and 12% of the total trade.

Record trade deficit in April-May of \$43.7 billion coupled with soaring oil and commodity prices are expected to push India's current account in deficit in the coming quarters. The current account deficit for FY'23 is expected to widen at 3 to 3.5 percent of GDP.

### **Inflation**

After rising to a 95 month high to 7.79% in April'22, CPI inflation moderated slightly to 7.04% in May'22 mainly due to base effect, RBI's rate hike and Government's excise cuts on fuel. India is not alone in witnessing high inflation numbers but it is a phenomenon prevalent in majority of the economies owing to supply shocks & geopolitical disruptions.

Major contributors to spike in inflation are hike in food and energy prices that constitute 53 % of the CPI. Going forward, positive developments like expectations of normal monsoon leading to bumper kharif crop production, moderation in edible oil prices & global industrial metal prices and government employing an activist fiscal policy may help ease acute price pressures to some extent.

Considering all the factors, inflation will continue to remain sticky for the next 4-6 months with a very slow descent and all prints remaining above 6%. We reaffirm our earlier stance on CPI inflation at 6.5% for FY2023 with 7.1% in Q1, 7.4% in Q2, 6.0% in Q3 and 5.8% in Q4.

### **Economy & Banking**

Global economy continues to grapple with multi-decadal high inflation and slowing growth, reinforcing the fears of stagflation. Domestically, there is an uptick in the economic activity with sequential improvement in trade, manufacturing & services sector. Capacity utilization rates have moved up to 74.5% that will pent up the Investment demand.

These factors will have a positive spillover effect on banking pent up the credit demand. This is quite evident from the recent RBI's data showing bank credit growth at 3 year high at 13.1%. The uptick comes amid a rise in lending rates. External Commercial Borrowings, an important source of financing for Indian Inc. loses its attractiveness due to rising interest rates and weakening of the rupee, companies are also expected to shift to bank credit.

As, equity markets are hammered due to sustained selling by FPIs, it will lose its sheen and with the simultaneous rise in deposit rates by many banks, the domestic investors will rebalance their portfolio towards bank deposits. We expect credit growth at 12-13% and deposits growth in the range of 11-12% for FY23.

The rise in crude oil prices poses a serious threat to the economic recovery. Since February 2022, the crude oil prices has risen by about \$30 per barrel. For every \$10 rise in crude oil, India's oil trade deficit rises by about \$15bn. So, a \$30 per barrel price leads to a trade deficit of \$45bn. This shoves off around 1% of the growth in GDP.

The Indian economy grew at 8.7% in FY 21-22 that is 1.5% above the pre-pandemic level. The recovery was resilient given the global headwinds. But there needs to be focus on real growth and not just a rebound from the pandemic lows. To achieve real growth rates, there needs to be sustained efforts to increase Investment demand, consumption demand and developing healthcare and education infrastructure. There needs to be perfect harmony between monetary and fiscal policy to weather the storms. I expect India to grow at 7.2 - 7.5% in FY2022-23.

**Deepak Singh**

**(Deputy General Manager)**



## **EXCERPTS: WORLD ECONOMIC OUTLOOK**

### **WAR SETS BACK THE GLOBAL RECOVERY**

International Monetary Fund has come out with its Publication World Economic Outlook title “War Sets Back the Global Recovery” The major highlights of the Report is given as under:

- There has been economic damage due to ongoing conflict leading to a significant slowdown in global growth in 2022 and also added to inflation.
- In view of the ongoing scenario and issues emanating resultantly, Global growth is projected to slow from an estimated 6.1 % in 2021 to 3.6 % in 2022 and 2023.
- Beyond 2023, global growth is forecast to decline to about 3.3 % over the medium term.
- War-induced commodity price increases and broadening price pressures have led to 2022 inflation projections of 5.7 percent in advanced economies and 8.7 percent in emerging market and developing economies.

#### **Global Prospects and Policies**

- Global growth is expected to slow significantly in 2022, largely as a consequence of geo political tensions. The economic costs of conflict are likely to spread farther afield through commodity markets, trade, and to a lesser extent financial interlinkages.
- Fuel and food price rises are already having a global impact, with vulnerable populations particularly in low-income countries most affected.

#### **Private Sector Debt and the Global Recovery**

- Soon after the pandemic hit, exceptional measures were deployed to maintain private access to credit, staving off a deeper recession in 2020. While highly effective in supporting the economy, these policies also led to a surge in consumer and business indebtedness. This chapter examines whether that increased borrowing may affect the recovery’s pace.
- Because future monetary and fiscal tightening often have a larger effect on the most vulnerable, careful attention will be needed when unwinding pandemic-era policy support.

#### **A Greener Labor Market: Employment, Policies, and Economic Transformation**

- Analyzing a sample of largely advanced economies, the empirical analysis indicates that both greener and more polluting jobs are concentrated among small subsets of workers.
- Individual workers face tough challenges in moving to greener jobs from more pollution-intensive jobs. Stronger environmental policies help green the labor market and appear more effective when reallocation incentives are not blunted.

#### **Global Trade and Value Chains in the Pandemic**

- This chapter finds that pandemic-specific factors had a key role in the rotation of demand from services to goods; and while there were significant negative spillover effects of pandemic containment policies on trade partners, these were short-lived, and trade and value chains proved resilient overall.
- However, to guard against future shocks, those international production and trade networks can be strengthened by increasing diversification, and enhancing substitutability, in input sourcing.

*Source: IMF (<https://www.imf.org/en/Publications/WEO/Issues/2022/04/19/world-economic-outlook-April-2022>)*

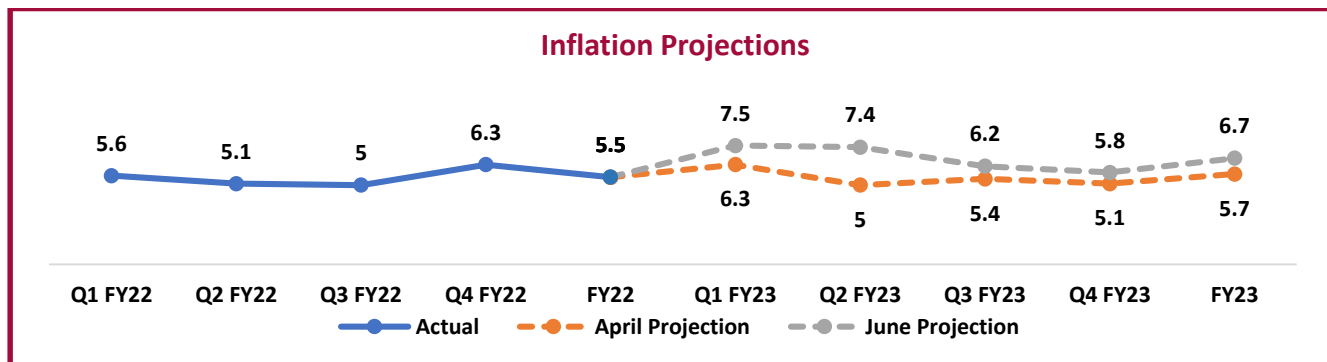
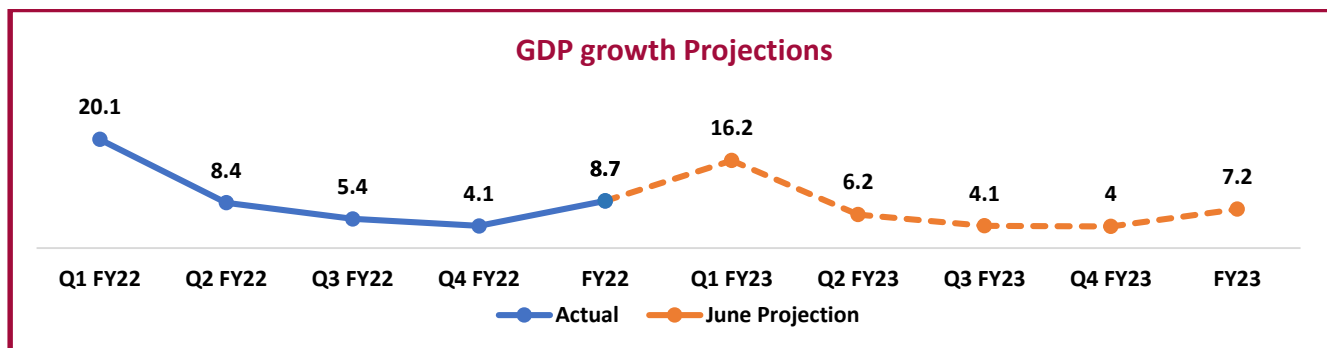
## HIGHLIGHTS OF RBI MONETARY POLICY – 8TH JUNE

Highlights of the RBI's Monetary Policy announced on 08.06.2022 are given below:

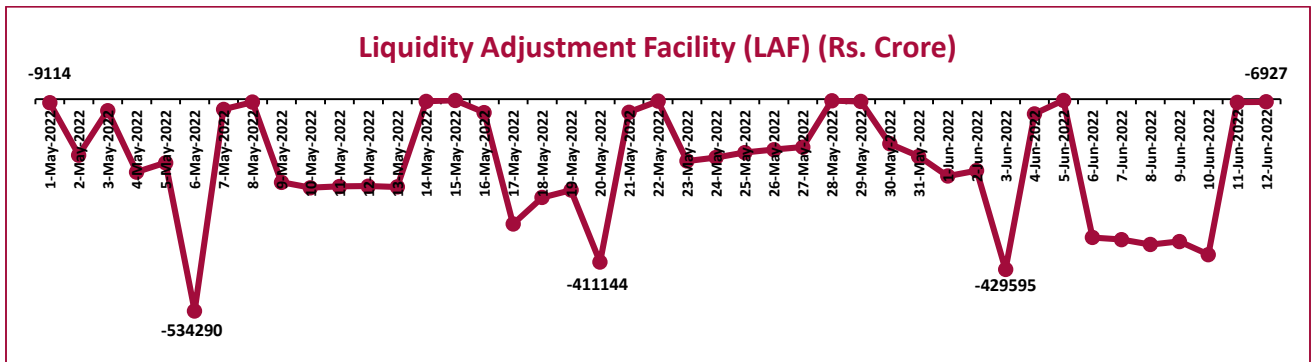
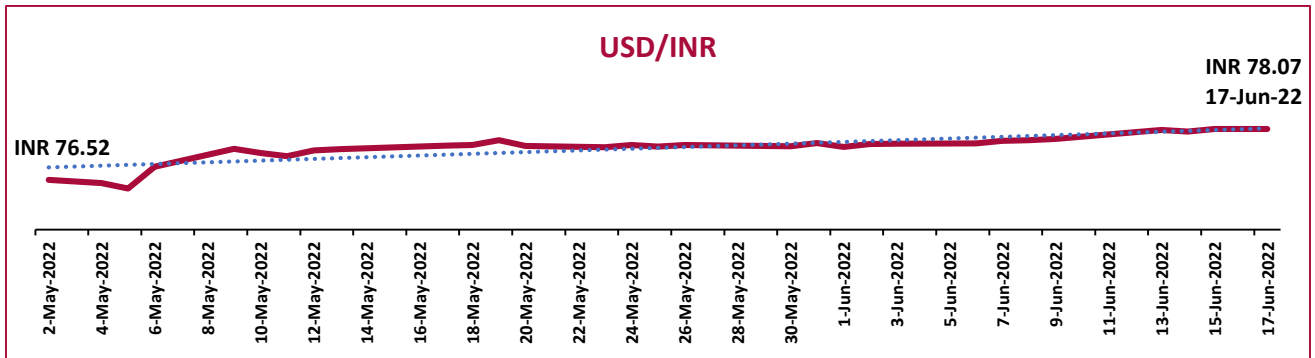
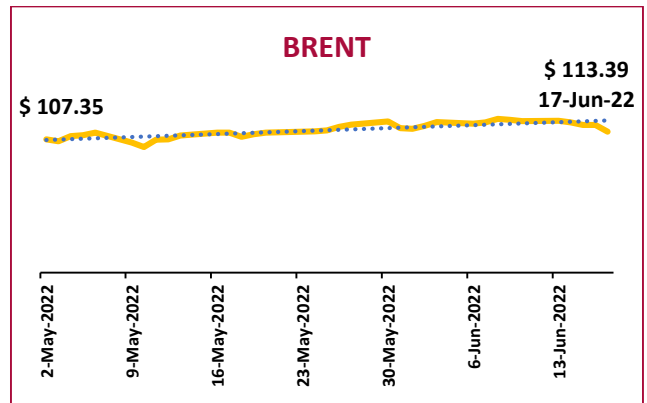
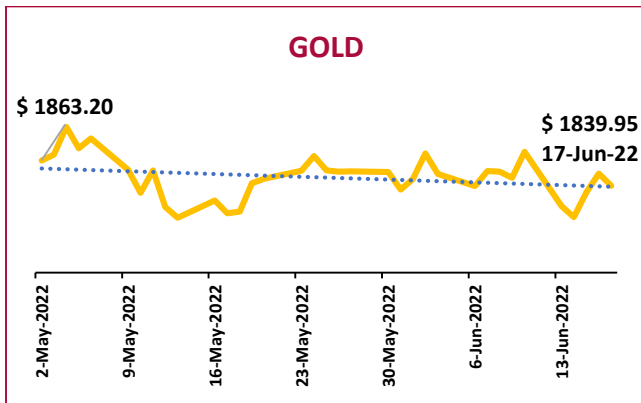
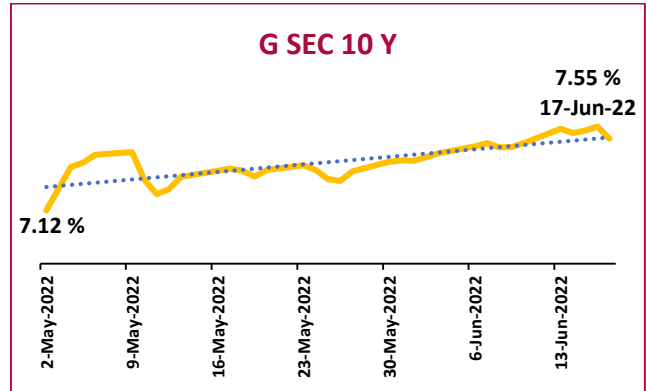
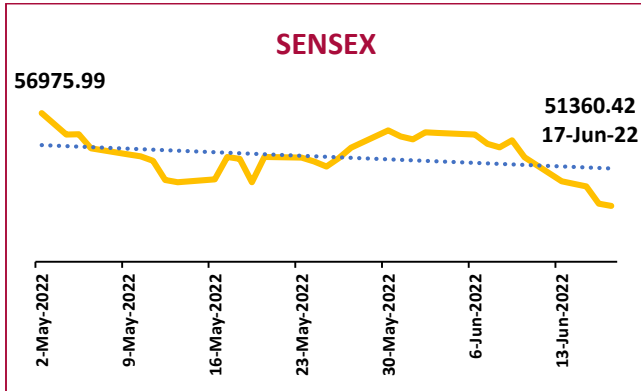
A. Policy Rate	Rate	Change
Policy Repo Rate	4.90%	50 bps↑
Standing Deposit Facility (SDF)	4.65%	50 bps↑
MSF Rate	5.15%	50 bps↑
Bank Rate	5.15%	50 bps↑
B. Reserve Ratios		↔
Cash Reserve Ratio (CRR)	4.50%	↔
Statutory Liquidity Ratio (SLR)	18.00%	↔

- a. **Policy Rates and Stance:** The Reserve Bank of India's (RBI) monetary policy commission (MPC) voted unanimously to increase the repo rate by 50 bps.
- b. **Stance:** Withdrawal of accommodation to ensure that inflation remains within the target going forward, while supporting growth.
- c. **Rationale:** MPC voted unanimously for increase in the interest rate to tame the inflation while supporting growth alongside.

### Outlook for Growth and Inflation:



# DAILY ECONOMIC INDICATORS

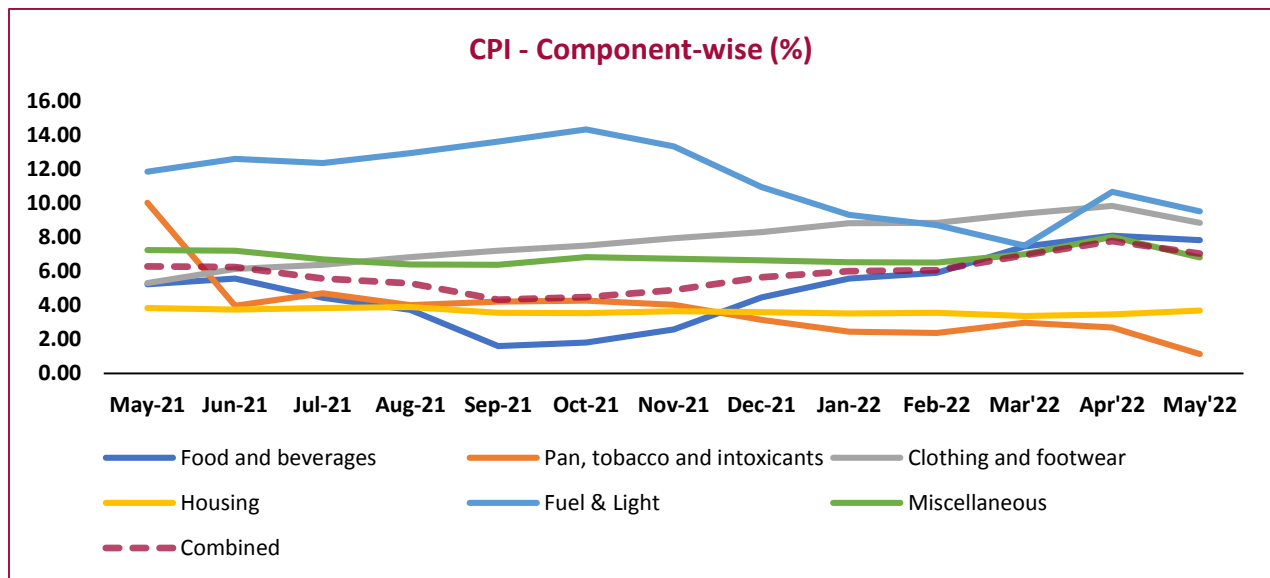
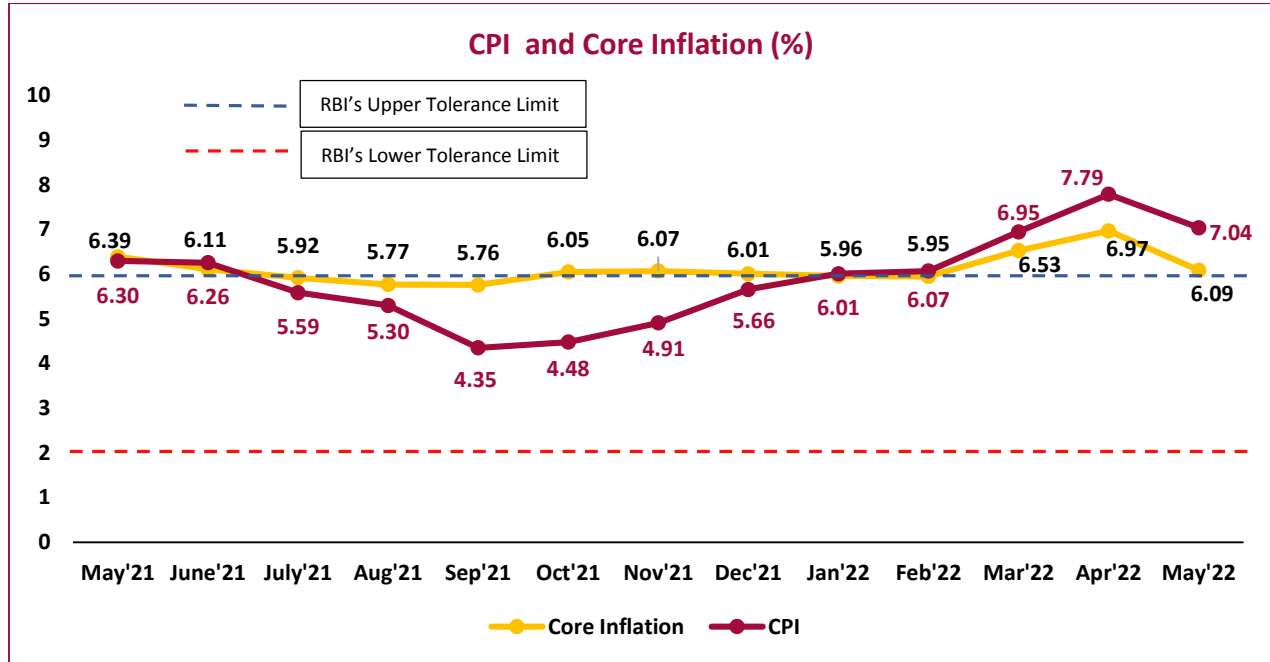




# MONTHLY & FORTNIGHTLY ECONOMIC INDICATORS

## CONSUMER PRICE INDEX (CPI)

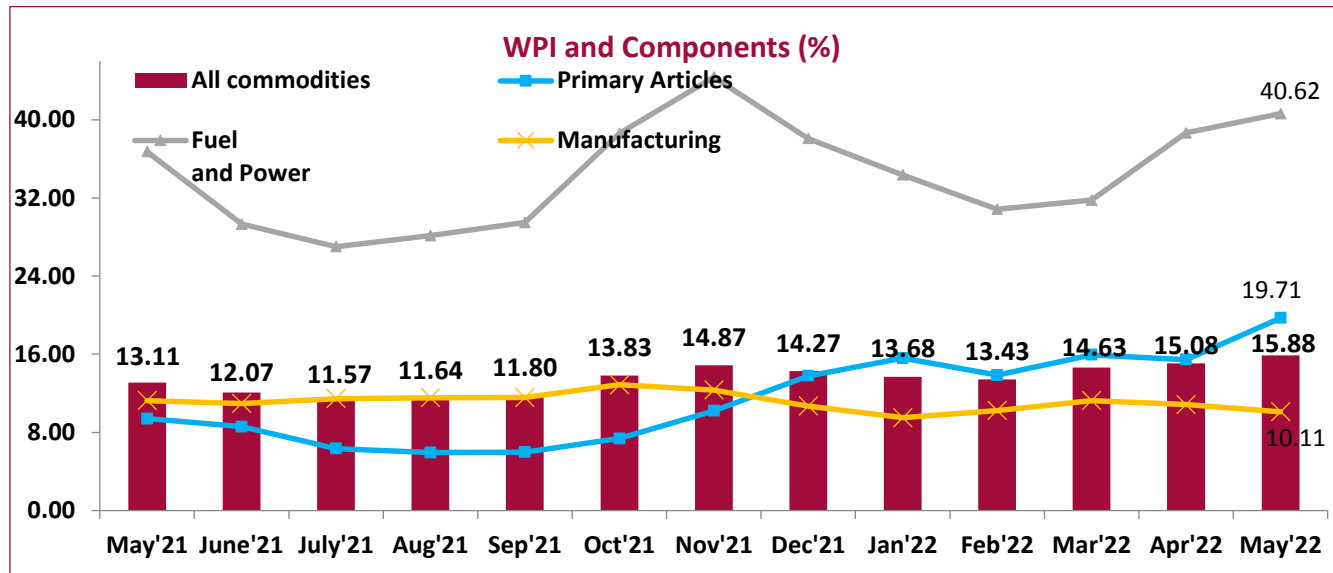
CPI Inflation drops to 7.04%, but still above the upper limit of RBI



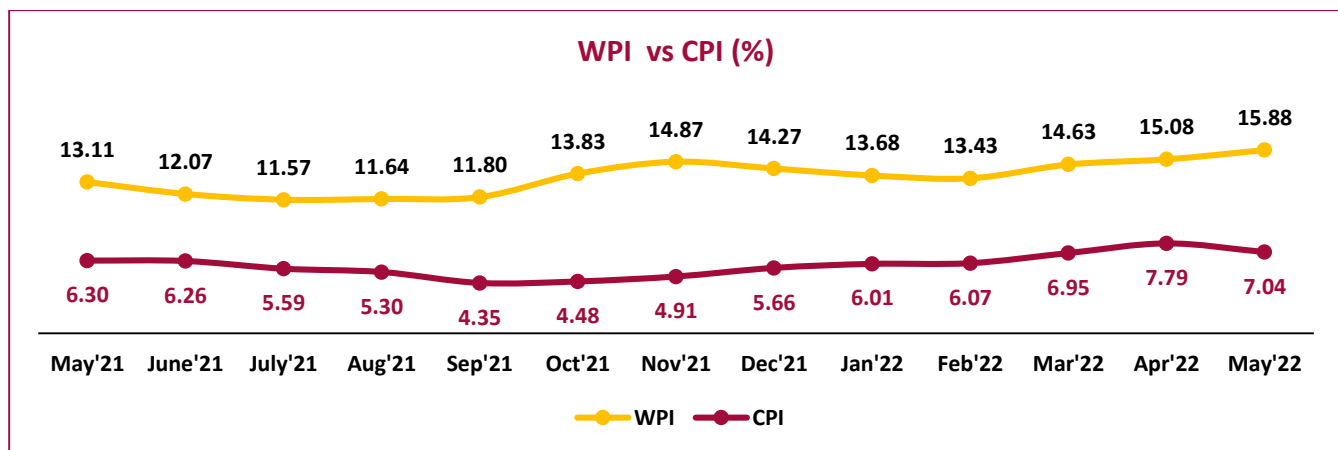
The excise duty cuts on petrol & diesel and duty cuts on other items may have played a part in cooling down inflation. Besides the base effect, the impact of lowering of taxes by the Centre earlier did play out to a certain extent to lower inflation.

## WHOLESALE PRICE INDEX (WPI)

WPI touches a record high of 15.88% on the back of rising prices of food items and crude oil



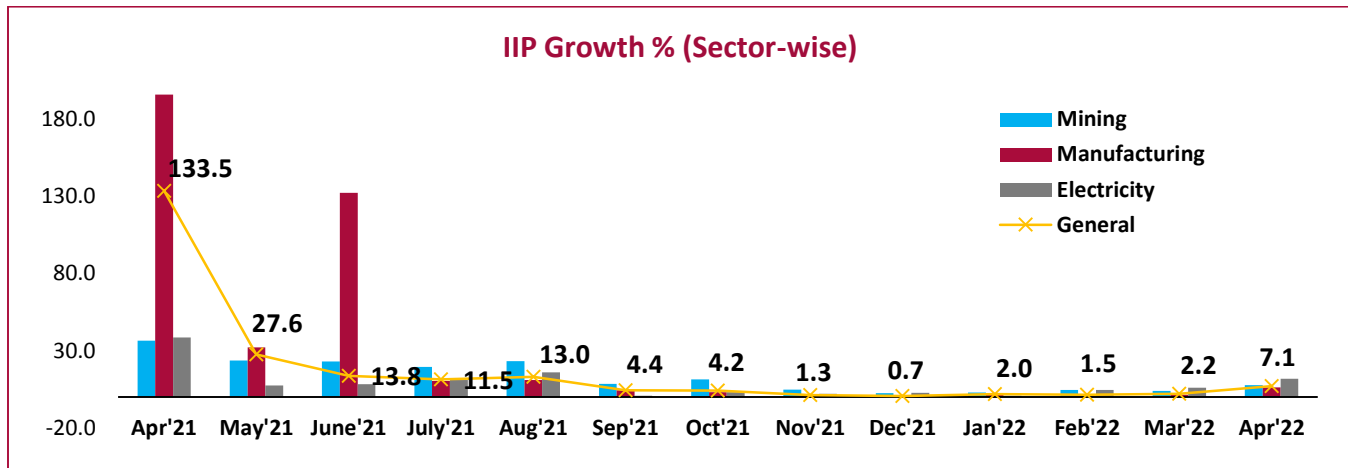
WPI Inflation (%)	Primary Articles		Fuel & Power		Manufactured Products		Food Articles (Part of Primary Articles)		All Commodities	
Weights	22.62%		13.15%		64.23%		15.26%		100%	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Mar	7.28	15.94	9.75	31.78	7.84	11.26	3.44	8.44	7.89	14.63
Apr	9.94	15.45	21.27	38.66	9.44	10.85	4.60	8.35	10.74	15.08
May	9.40	19.71	36.74	40.62	11.25	10.11	4.25	12.34	13.11	15.88



The Index has recorded the highest since its base year i.e. 2011-12. WPI inflation has stayed in double digits for 14 consecutive months starting from April 2021.

## INDEX OF INDUSTRIAL PRODUCTION (IIP) & CORE SECTORS

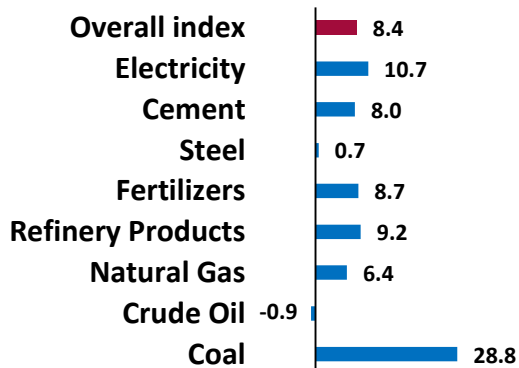
IIP grows to an 8-month high



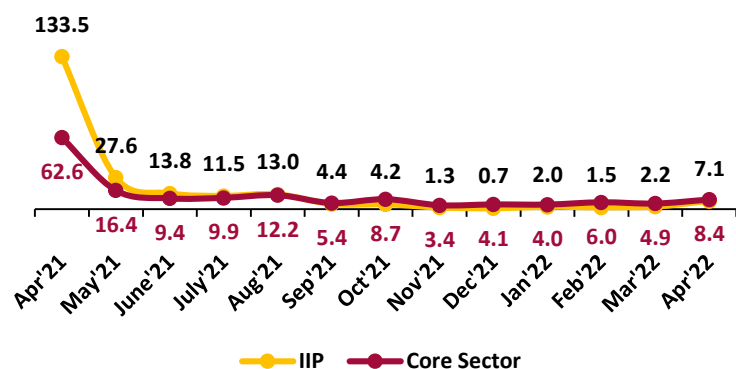
### IIP growth % (Usage-wise)

Component	Weight	Apr'21	Nov'21	Dec'21	Jan'22	Feb'22	Mar'22	Apr'22
Primary Goods	34.05%	36.9	3.5	2.8	1.6	4.6	5.7	10.1
Capital Goods	8.22%	1028.6	-2.6	-3.0	1.8	2.0	2.0	14.7
Intermediate Goods	17.22%	213.0	2.1	1.0	2.5	3.7	1.8	7.6
Infrastructure/ Construction Goods	12.34%	609.4	3.1	2.0	5.9	9.1	6.7	3.8
Consumer Durables	12.84%	1778.2	-5.7	-1.9	-4.4	-8.7	-2.6	8.5
Consumer Non- Durables	15.33%	92.6	-0.8	0.3	3.1	-5.8	-4.6	0.3

### Core Sectors Growth for Apr'22 (%)



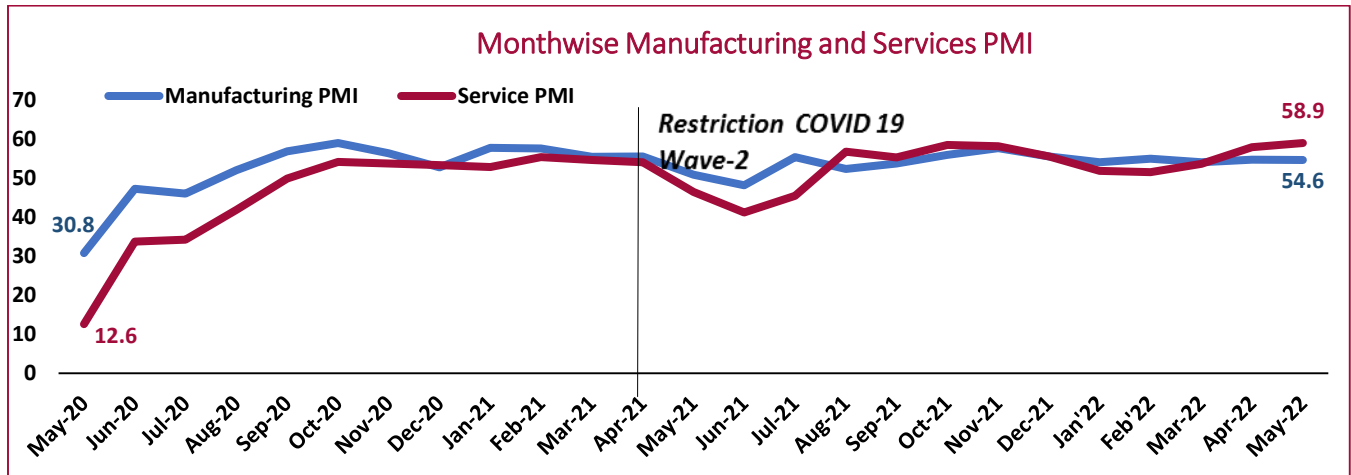
### IIP Growth vs Core Sector Growth (%)



Index of Industrial Production (IIP) grew by 7.1 per cent in April 2022, despite a high base, powered mainly by higher electricity and mining output.

## PURCHASING MANAGERS' INDEX (PMI)

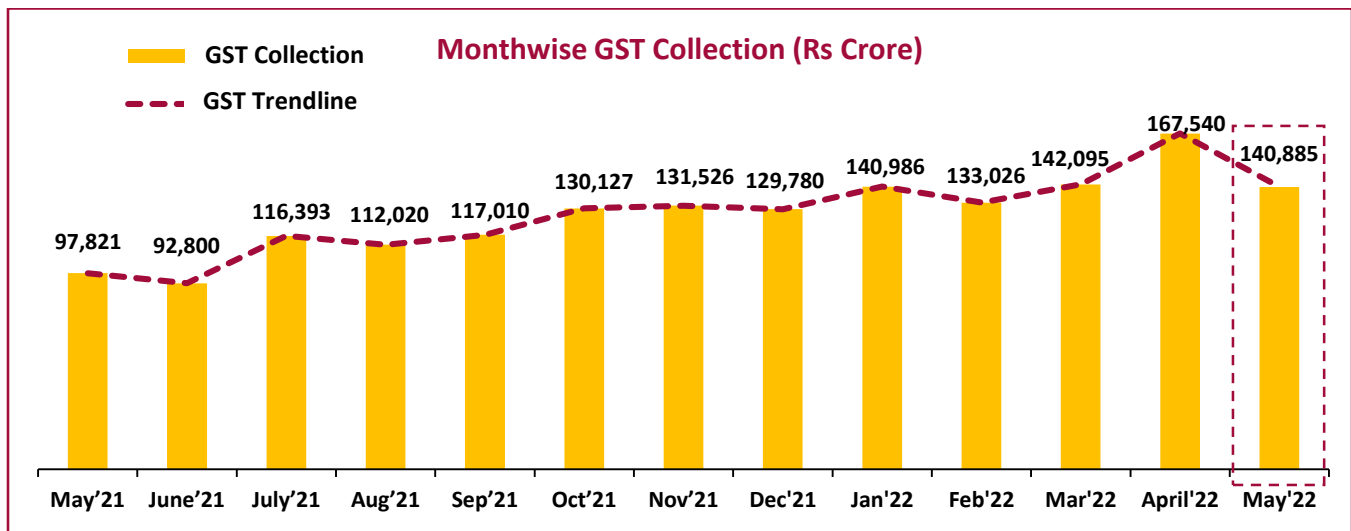
Services PMI at 11-year high



India's services sector activity improved in May 2022 to 58.9. The figure also marked the 10th straight month of growth in services activity, buoyed by a substantial pick-up in new business growth as demand continued to recover following the reopening of the economy after COVID-19 lockdowns. The manufacturing sector marginally declined to 54.6 in May 2022 from 54.7 in April 2022. The latest reading marked the 11th straight month of expansion in the manufacturing sector

## GOODS AND SERVICES TAX (GST)

GST collection 44% higher than the GST revenues in May 2021

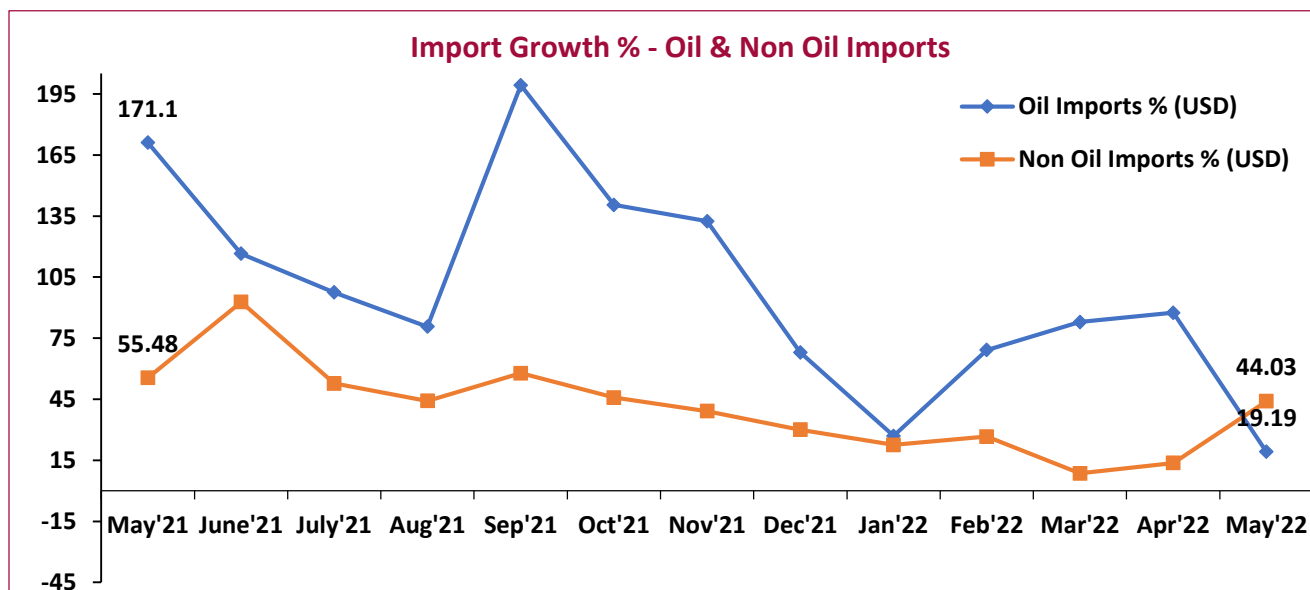
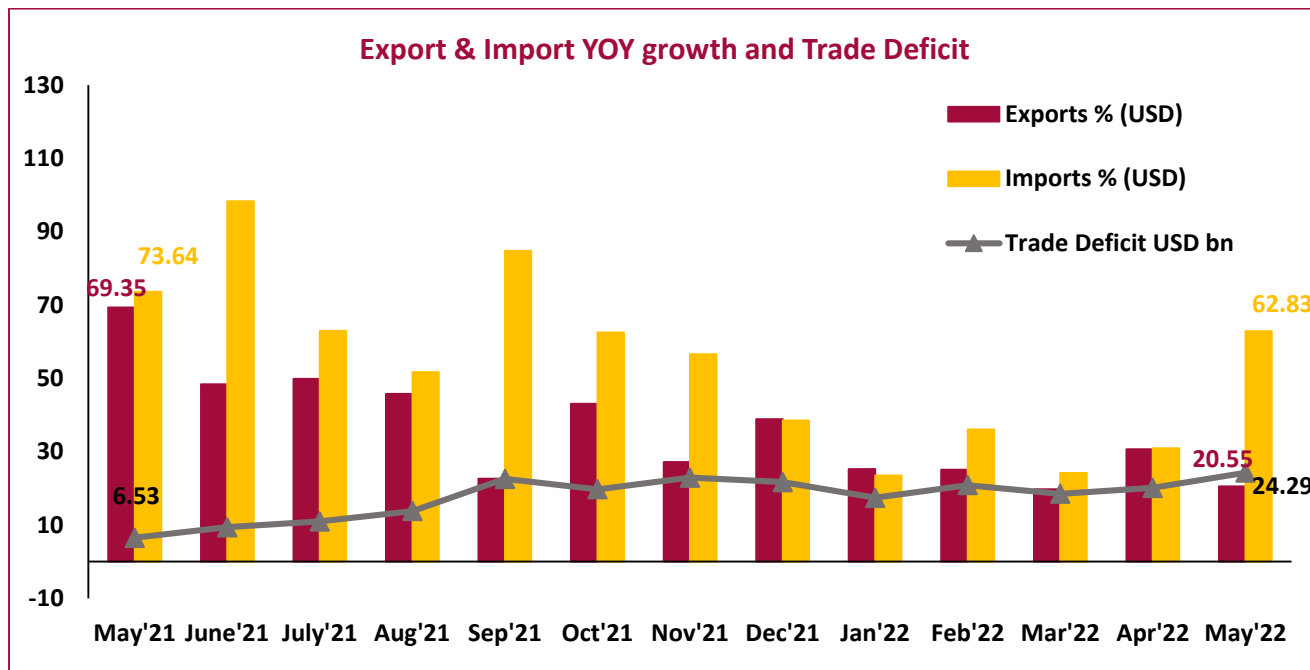


The gross GST revenue collected is Rs. 1,40,885 crore in May'22. This is the seventh time the monthly GST collection crossed Rs. 1.30 Lakh Crore mark since inception of GST and fifth month since January 2022.



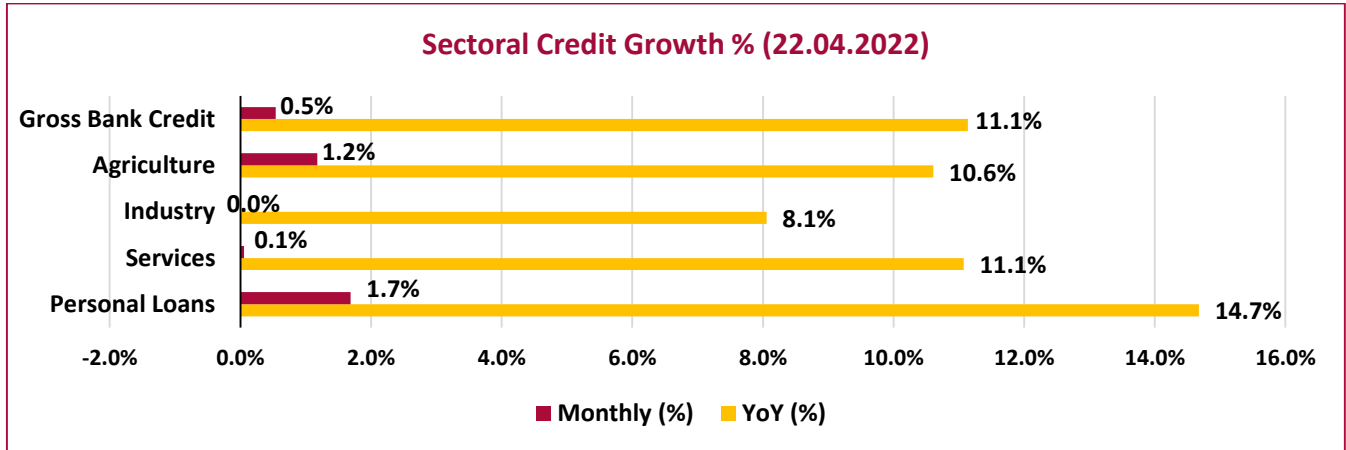
## FOREIGN TRADE

Trade Deficit widens further to \$24.29 bn



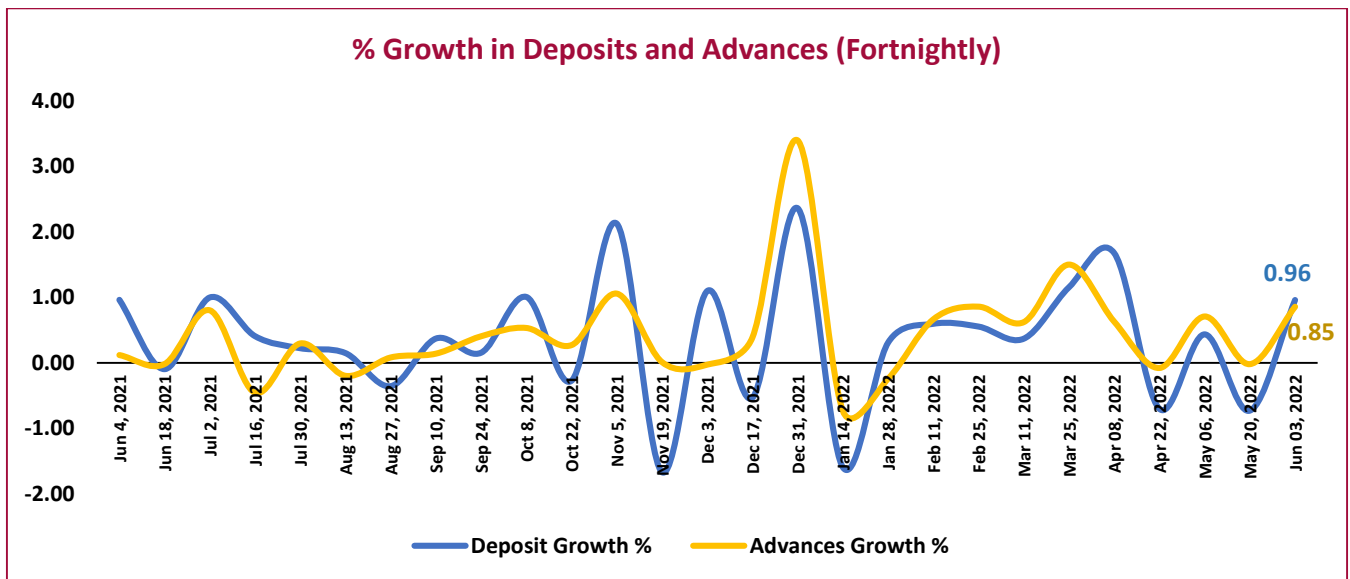
- India's Trade Deficit showed an increase and widened to the level of \$24.29 billion up 271.96 per cent year-on-year in May 2022 driven by elevated global commodity prices, especially of oil.
- Merchandise exports grew to \$38.94 billion, up 20.55 per cent year-on-year in May 2022. Meanwhile Merchandise imports grew to \$63.22 billion, up 62.83 per cent year-on-year in May 2022. It was the third consecutive month when imports are more than \$60 Billion.

## SECTORAL CREDIT



## BANK DEPOSIT AND CREDIT

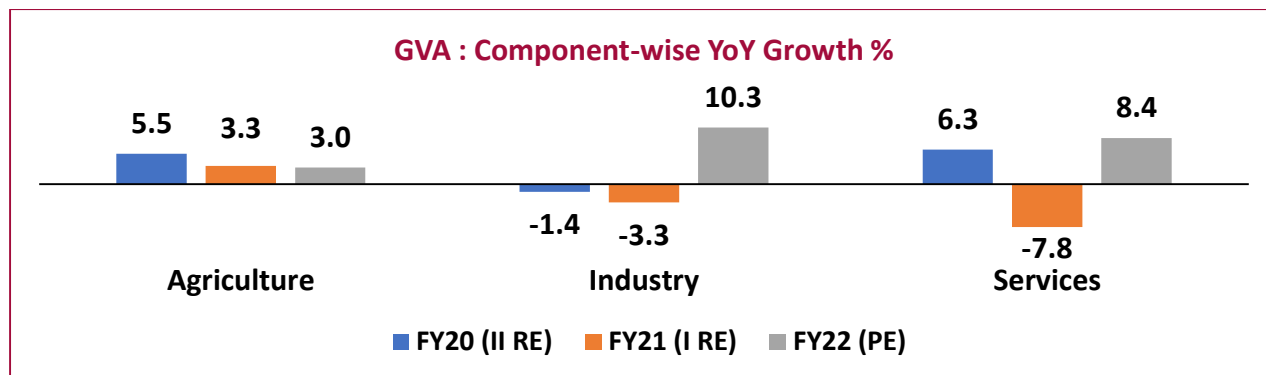
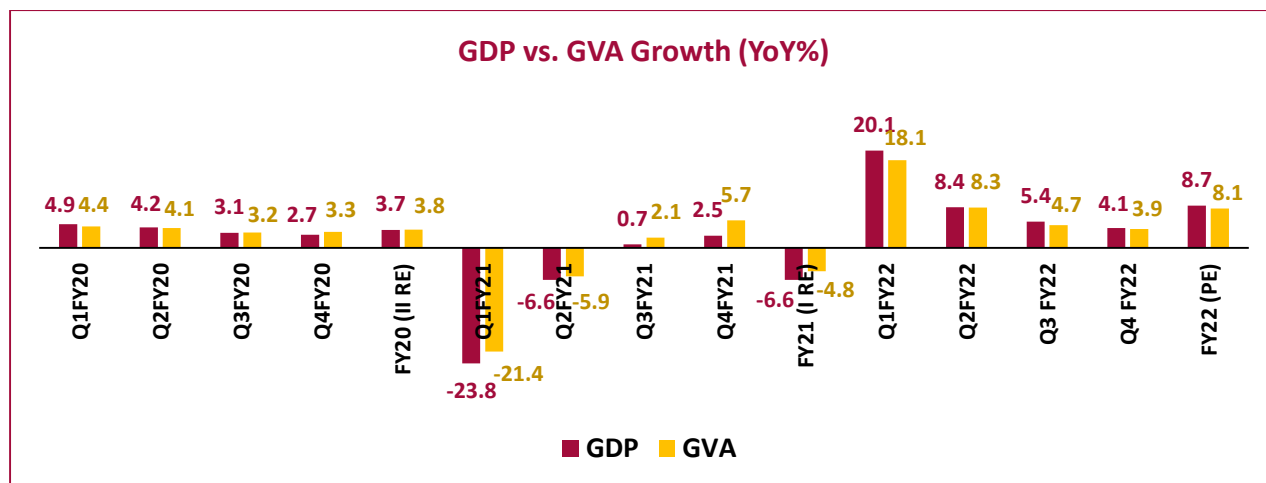
Parameter (Rs. Lakh Crore)	04.06.21	25.03.22	20.05.22	03.06.22	YoY (%)	YTD (%)	Fortnightly (%)
Deposits	153.13	164.65	165.74	167.33	9.3%	1.6%	1.0%
Advances	108.44	118.91	120.27	121.41	12.0%	2.1%	0.9%
Business	261.57	283.56	286.02	286.74	10.4%	1.8%	0.9%



## QUARTERLY ECONOMIC INDICATORS

### GROSS DOMESTIC PRODUCT (GDP) & GROSS VALUE ADDED (GVA)

*Indian economy grows by 8.7%, above pre-pandemic level*



**Gross Domestic Product (GDP) for FY22 grew by 8.7 per cent** as compared to a decline of 6.6 per cent in the previous year. Also, Real **Gross Value Added (GVA)** at basic prices (which captures what accrues to the producer/service provider before a product or service is sold) **in FY22 grew by 8.1 per cent** in comparison to a decline of 4.8 per cent in FY21. For the last quarter of FY22, GDP grew by 4.1 per cent while GVA grew by 3.9 per cent.

### India's GDP Outlook Of Various Agencies

Agency	FY23
RBI	7.2%
World Bank	7.5%
IMF	6.9%
ADB	7.5%
Fitch	7.8%

## GDP (at Constant Prices) for FY22 & Q4FY22

Items	Expenditures of Gross Domestic Product (Rs. Crore)			Rates To GDP (%)			% YoY Change		
	Q4 FY22	2020-21 (1st RE)	2021-22 (PE)	Q4 FY22	2020-21 (1st RE)	2021-22 (PE)	Q4 FY22	2020-21	2021-22
Private Final Consumption Expenditure (PFCE)	22,62,405	77,63,734	83,77,854	55.5	57.3	56.9	1.8%	-6.0	7.9
Government Final Consumption Expenditure (GFCE)	4,62,316	15,37,603	15,77,132	11.3	11.3	10.7	4.8%	3.6	2.6
Gross Fixed Capital Formation (GFCF)	13,71,090	41,31,279	47,84,054	33.6	30.5	32.5	5.1%	-10.4	15.8
Change in Stocks	51,450	-11,573	1,87,937	1.3	-0.1	1.3	-	-	-
Valuables	51,597	2,07,980	2,95,046	1.3	1.5	2.0	-48.9%	26.4	41.9
Exports	8,46,715	25,53,683	31,74,844	20.8	18.8	21.5	16.9%	-9.2	24.3
Less Imports	10,52,297	28,62,871	38,78,193	25.8	21.1	26.3	18.0%	-13.8	35.5
Discrepancies	84,749	2,38,638	2,16,842	2.1	1.8	1.5	-	-39.8	-9.1
<b>GDP</b>	<b>40,78,025</b>	<b>1,35,58,473</b>	<b>1,47,35,515</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>4.1%</b>	<b>-6.6</b>	<b>8.7</b>

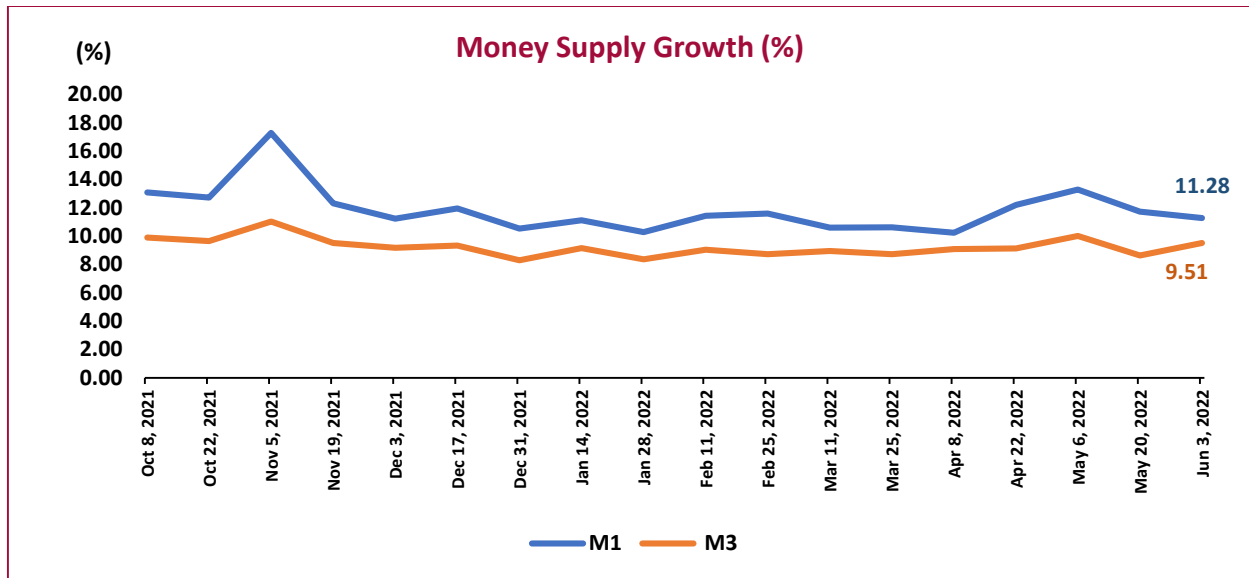
## Real GVA at basic prices for FY22 & Q4FY22

Industry	Gross Value Added (Rs Cr)			% YoY Change		
	Q4 FY22	2020-21 (1st RE)	2021-22 (PE)	Q4 FY22	2020-21	2021-22
Agriculture, Forestry & Fishing	5,68,880	20,48,032	21,09,697	4.1%	3.3%	3.0%
<b>Agriculture</b>	<b>5,68,880</b>	<b>20,48,032</b>	<b>21,09,697</b>	<b>4.1%</b>	<b>3.3%</b>	<b>3.0%</b>
Mining & Quarrying	99,020	2,94,024	3,27,984	6.7%	-8.6%	11.6%
Manufacturing	6,76,414	22,47,740	24,70,822	-0.2%	-0.6%	9.9%
Electricity, Gas, Water Supply & Other Utility Services	78,694	2,89,771	3,11,598	4.5%	-3.6%	7.5%
Construction	3,38,283	9,62,835	10,73,595	2.0%	-7.3%	11.5%
<b>Industry</b>	<b>11,92,411</b>	<b>37,94,370</b>	<b>41,83,999</b>	<b>1.3%</b>	<b>-3.3%</b>	<b>10.3%</b>
Trade, Hotel, Transport, Communication & Services related to broadcasting	7,42,200	21,47,679	23,85,605	5.3%	-20.2%	11.1%
Financial, Insurance, Real Estate & Professional Services	7,11,375	29,61,910	30,87,360	4.3%	2.2%	4.2%
Public Administration, Defence & Other Services	4,93,911	16,33,081	18,38,814	7.7%	-5.5%	12.6%
<b>Services</b>	<b>19,47,486</b>	<b>67,42,670</b>	<b>73,11,779</b>	<b>5.5%</b>	<b>-7.8%</b>	<b>8.4%</b>
<b>GVA at Basic Price</b>	<b>37,08,777</b>	<b>1,25,85,074</b>	<b>1,36,05,474</b>	<b>3.9%</b>	<b>-4.8%</b>	<b>8.1%</b>



## MONEY SUPPLY

*While growth rate of M1 drops, growth rate of M3 rises*



## GLOBAL INTEREST RATES

Central Banks	Countries	Latest Interest Rate (%)	Last Change	Next Meeting Date
Bank of Japan	Japan	-0.10	Jan 29, 2016 (-20bps)	July 21, 2022
European Central Bank (ECB)	Europe	0.00	Mar 10, 2016 (-5bps)	July 21, 2022
Federal Reserve	U.S.A	1.75	June 15, 2022 (75 bps)	July 27, 2022
Bank of England	U.K	1.25	June 16, 2022 (25 bps)	August 4, 2022
Peoples Bank of China	China	3.70	Jan 20, 2022 (-10bps)	July 20, 2022
Reserve Bank of India	India	4.90	June 08, 2022 (50bps)	August 04, 2022
Central Bank of Russia	Russia	9.50	June 10, 2022 (-450bps)	July 22, 2022

## INDUSTRY OUTLOOK

### Healthcare

Indian healthcare industry, comprising of hospitals, medical devices, clinical trials, outsourcing, telemedicine, medical tourism, health insurance and medical equipment, is one of the fastest growing sectors with high contribution not only in terms of revenue, but also employment. According to a recent report by National Skill Development Corporation (NSDC), the healthcare sector has generated 2.7 million additional jobs between 2017-2022. In the Union Budget 2022-23, Rs. 86,200.65 Crore was allocated to the healthcare sector.

The Indian healthcare sector, categorized into two major components public and private, is growing at a hurried pace due to its strengthening coverage, services and increasing expenditure by public as well private players.

During the pandemic, the importance of the industry was realized even more, and witnessed a renewed focus on leveraging digital technology. Several reforms launched before and during the pandemic such as National Health Digital Mission (NDHM), teleconsulting guidelines combined with increasing health tech start-up ecosystem enabled by innovation, along with India's competitive advantage in terms of well-trained medical professionals and low cost of surgery have evolved to make the healthcare journey better for the population.

India's competitive advantage also lies in the increased success rate of Indian companies in getting Abbreviated New Drug Application (ANDA) approvals. India has become one of the leading destinations for high-end diagnostic services along with capital investments for advanced diagnostic facilities. Vast opportunities are also offered in Research & Development along with focus on medical tourism, making India's healthcare infrastructure a profitable venture.

### Infrastructure

Infrastructure is the fastest growing economies in the world. Construction is the second largest economic activity in India after agriculture, and has been growing rapidly. The increasing flow of goods has spurred increases in rail, road and port traffic, necessitating further infrastructure improvements. India has entered a new phase of development. Government policies like Gati Sakti, National Infrastructure Pipeline, Smart City Mission, Bharatmala etc. is becoming major enabler for infrastructure development.

According to the report cited during Union Budget 2022-23 "Every Re. 1 spent on infrastructure leads to a GDP stimulation of Rs. 3. In contrast, the same expenditure through direct transfer to consumers results in a mere 90p in GDP growth".

The financial capability of the country to invest in infrastructure projects can be gauged from the buckets of finance available and India. The union budget has itself allocated Rs. 7.5 lakh crores.

Apart from the same other avenues available are State Govt's allocation for infrastructure, extra-budgetary resources and PSUs, domestic and overseas financing option including bank, and the new National Bank for Financing Infrastructure Development.

Some of the larger trends shaping the way of infrastructure development are green infrastructure development with focus on environmental sustainability, ensuring that the new infrastructure meets the needs of all people. Technology is of utmost importance in infrastructure development. From broadband access to smart infrastructure, tech and cybersecurity are transforming infrastructure priorities.

Infrastructure spending will have growth multipliers depending on the way these investments are financed leveraging financial market, creditworthy lenders.

## **EXTRACTS FROM NEWS ON BANKING AND FINANCIAL EVENTS**

- 1. Microfinance gross loan portfolio grows 10 pc to Rs 2,85,441 cr as of March 2022: MFIN (ET, 15.06.22)**
  - The microfinance industry's Gross Loan Portfolio (GLP) grew by 10.04 per cent to Rs 2,85,441 crore as of March 2022, according to a report by Microfinance Institutions Network (MFIN). The industry's GLP stood at Rs 2,59,377 crore in March 2021.
  - MFIN is an industry association of 58 NBFC-MFIs and 39 associates, including banks, Small Finance Banks (SFBs) and Non-Banking Financial Companies (NBFCs). On Wednesday, it released the Micrometer report for January to March 2022 i.e., Q4 FY2022 quarter.
  - NBFC-MFIs are the second largest provider of micro-credit with a loan amount outstanding of Rs.1,00,407 crore, accounting for 35.2 per cent of total industry portfolio.
- 2. RBI raises repo rate by 50 bps to tame prices; pegs FY23 GDP growth at 7.2% (ET, 08.06.2022)**
  - The six-member Monetary Policy Committee of the Reserve Bank of India (RBI) unanimously decided to increase the policy repo rate by 50 basis points (bps) to 4.9 per cent while raising the inflation forecast by 100 bps to 6.7 per cent for this fiscal year, giving rise to expectations of further monetary tightening in the coming months.
- 3. RBI raises limit of e-mandates for transactions up to Rs.15,000/- (ET, 09.06.2022)**
  - The Reserve Bank raised the Additional Factor of Authentication (AFA) limit from Rs 5,000 to Rs 15,000 per transaction for e-mandates on cards, Prepaid Payment Instruments (PPIs) and UPI for recurring transactions. It implies, additional authentication will not be need for payment of Rs.15,000 per transaction.
  - The Reserve Bank of India (RBI) has, over the past decade, put in place various safety and security measures for card payments, including the requirement of AFA, especially for 'card-not-present' transactions.
- 4. UPI processed nearly 6 billion transactions worth Rs.10 trillion in May (BS, 02.06.22)**
  - In yet another record-breaking month, India's flagship digital payment platform, Unified Payments Interface (UPI), has processed transactions worth over Rs.10 trillion in May, a record high since the time it was launched in 2016.

Even the number of transactions processed on the platform in May at 5.95 billion is a record high for the payments platform.

- On a month-on-month basis, the volume of transactions was up 6.63 per cent and the value of transactions was up 5.91 per cent, despite a high base. In April, UPI had processed 5.58 billion transactions amounting to Rs.9.83 trillion. When compared on a year-on-year basis, UPI transactions in volume and value terms have more than doubled, indicating the meteoric rise the digital payments platform has seen over the years.

#### **5. GST collections slip below Rs.1.5-trn mark in May despite 44% YoY increase (02.06.22)**

- The collection of goods and services tax (GST) fell short of the expected Rs 1.5-trillion level in May, a month after hitting a record. The mop-up of Rs 1.41 trillion in May is 16 per cent (Rs 26,655 crore) lower than the record collection of Rs 1.68 trillion in April.
- However, the latest figure is 44 per cent higher than Rs 97,821 crore a year ago. Also, the mop-up in May is still the fourth-highest since the inception of GST in July 2017.
- The sequential dip in the GST inflows in May was on expected lines, as the April GST collection was enhanced by year-

end flows. At the same time, the high YoY growth reflects the low base of the second wave.

#### **6. Credit off-take remains robust in April across sectors, shows RBI data (BS, 01.06.2022)**

- Building on the momentum in FY22, credit off-take continued to be robust across all sectors - farming, industry, services and retail in April 2022, the first month of the new financial year (FY23).
- Reserve Bank of India data showed credit to industry accelerated to 8.1 per cent year on year in April 2022 (following a contraction of 0.4 per cent in April 2021), higher than 7.1 per cent in March 2022.
- Size-wise, credit to medium-sized industries registered a growth of 53.5 per cent in April 2022 as compared with 44.8 per cent last year. Credit growth to micro and small industries rose to 29.0 per cent from 8.7 per cent. The large industries segment also showed growth of 1.6 per cent against a contraction of 3.6 per cent.
- The retail segment continued to perform well, registering acceleration in growth to 14.7 per cent in April 2022 (12.1 per cent in April 2021), primarily driven by 'housing' and 'vehicle loans' segments. The growth was 12.4 per cent in March 2022.



**7. RBI asks for option of interoperable card-less cash withdrawal at ATMs (BS, 20.05.2022)**

- The Reserve Bank of India (RBI) asked banks, ATM networks, white label ATM operators, and the National Payments Corporation of India (NPCI) to provide the option of interoperable card-less cash withdrawal at cash machines.
- The RBI, after its April monetary policy committee meeting, announced the introduction of interoperable card-less cash withdrawal facility across all banks and all ATM networks.

**8. PAN mandatory for cash deposit or withdrawal of Rs.20 lakh or more (BS, 12.05.2022)**

- The Central Board of Direct Taxes (CBDT) issued a notification on May 10, 2022, making the furnishing of Permanent Account Number (PAN) or Aadhaar compulsory for a further set of transactions.
- According to the notification, a person must obtain and quote PAN when he enters into any of the following three transactions: High-value cash deposit: Cash deposit (or deposits) aggregating to Rs.20 lakh or more in a financial year, in one or more accounts of a person, with a banking company, a co-operative bank, or a post office will require PAN to be furnished.

**9. PMJJBY subscription increases to 128 mn, PMSBY at 284 mn in 7 years (ET, 10.05.2022)**

- The Centre's flagship life insurance scheme Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), and accidental insurance scheme, Pradhan Mantri Suraksha Bima Yojana (PMSBY) have seen enrollments rise to 128 million and 284 million, respectively, in seven years of inception.
- Atal Pension scheme has seen its subscribers increase to 40 million in the last seven years. All three social security schemes were launched by the government on May 9, 2015.
- Changes introduced by the government in the claim settlement process have led to quicker and easier settlement of claims during the pandemic. Since the beginning of the pandemic, or April 1, 2020 till February 23, 2022, about 210,000 claims amounting to Rs 4,194 crore were paid with a settlement rate of 99.72 per cent.

**10. RBI issues norms for compensation key managerial staff at NBFCs (ET, 30.04.2022)**

- The Reserve Bank of India (RBI) issued guidelines for compensation of key managerial personnel and senior management of non-banking finance companies.

- It has said that the finance companies have to constitute a nomination and remuneration committee (NRC), which will have the mandate to oversee the framing, review and implementation of compensation policy of the company with the approval of the board.
  - Further, the NRC will also have to work with the risk management committee of the company to achieve effective alignment between compensation and risks.
- 11.Six groups set up to improve PSB functioning to submit report by December (BS, 25.04.2022)**
- Six working groups created to suggest ways to improve digitisation in the state-owned banks and strengthen their balance sheets have been asked to submit their respective reports by December.
  - The working groups are expected to submit their respective reports by the end of the year, the banker said. The groups will have regular meetings and periodic review to track the progress of each panel, another banker said.

### **ECONOMIC CALENDAR**

<b>Date of Release</b>	<b>Events</b>	<b>Country</b>
<b>July 01,2022</b>	GST Collections	India
<b>July 01,2022</b>	S&P Global Manufacturing PMI	India
<b>July 05,2022</b>	Service and Composite PMI	India
<b>July 08,2022</b>	Unemployment Rate	USA
<b>July 09,2022</b>	Inflation Rate	China
<b>July 12,2022</b>	CPI Inflation Rate	India
<b>July 12,2022</b>	Inflation Rate	USA
<b>July 14,2022</b>	WPI Inflation Rate	India
<b>July 15,2022</b>	Balance of Trade Final	India
<b>July 20,2022</b>	PBC Interest Rate Decision	China
<b>July 21,2022</b>	BoJ Interest Rate Decision	Japan
<b>July 27,2022</b>	Fed Interest Rate Decision	USA
<b>July 27,2022</b>	GDP Growth Rate QoQ Adv Q2	USA

## DATA SOURCES

- Reserve Bank of India (RBI)
- Ministry of Statistics and Programme Implementation (MOSPI)
- Office of Economic Adviser
- Ministry of Commerce and Industry, Department Of Commerce
- S & P Global
- Press Information Bureau
- GST Council
- Websites of major Central Banks
- Controller General of Accounts (CGA)
- Petroleum Planning & Analysis Cell (PPAC)
- Investing.com
- News from Business Standard, Financial Express, Economic Times, The Mint

\*\*\*\*\*

“

### **QUOTE OF THE MONTH**

*"Success is walking from failure to failure  
with no loss of enthusiasm."*

*- Winston Churchill*

”

## CARDLESS Cash Withdrawal FROM PNB ATMS/ BNA



**Withdraw cash 24x7 anywhere in India  
without using any Physical or Virtual Card**

**Benefits**

<b>P:</b> Protection from Skimming	<b>O:</b> Operable across all our ATMs
<b>N:</b> No additional charges	<b>N:</b> No need of debit card
<b>B:</b> Banking 24x7	<b>E:</b> Efficient

**Steps**

- Login to PNB One & click on Debit Card
- Login to internet Banking & go to Value Added Services >> Card Related Services
- Select Cardless cash withdrawal
- Select account with amount and TPIN  
\*a 12 digit reference number will be sent to your registered mobile number.

**Steps at ATM**

- Go to any PNB ATM and select Cardless cash withdrawal
- Enter reference number and TPIN
- Collect your cash from ATM

Give a missed call: 1800 160 8588 Toll Free: 1800 160 2222, 1800 103 2222 Follow us on:  [www.pnb.in](http://www.pnb.in)

**पंजाब नैशनल बैंक**  **punjab national bank**  
...भरोसे कर प्रतीक ! ...the name you can BANK upon !

*Punjab National Bank  
Strategic Management & Economic Advisory Division  
Corporate Office, Plot No. 4, Sector 10,  
Dwarka, New Delhi-110075*

पंजाब नैशनल बैंक  
कार्यनीति प्रबंधन एवं आर्थिक परामर्श प्रभाग  
कॉर्पोरेट कार्यालय, प्लॉट सं. 4, सेक्टर-10,  
द्वारका, नई दिल्ली-110075