

# INVEST GUIDE

AN INVESTOR EDUCATION INITIATIVE

APRIL 2023

## ELECTRIC VEHICLES

*A Game Changer For  
Indian Auto Industry?*

## BUDGET 2023

*Laying The Foundation of  
Vibrant India*

## ESG INVESTING

*Will Impact Investing Be  
Profitable For All?*



# INDIAN ECONOMY

## RESILIENT AND WITHERING THE STORM

[www.InvestOnline.in](http://www.InvestOnline.in)



# PROTECT WHAT YOU LOVE

## GET THE BEST HEALTH INSURANCE QUOTES

**Health Insurance Solutions**

**Now On**

**DOWNLOAD THE APP NOW**



**InvestOnline**  
Your Gateway To eMutual Funds

# This Issue:

**05 BUDGET 2023:**  
LAYING THE FOUNDATION OF  
VIBRANT INDIA

**11 INDIAN ECONOMY:**  
RESILIENT AND WITHERING THE STORM

**22 ESG INVESTING:**  
WILL IMPACT INVESTING BE PROFITABLE FOR  
ALL?

**28 ELECTRIC VEHICLES:**  
A GAME CHANGER FOR INDIAN AUTO  
INDUSTRY?

**35 INDIAN RETAIL:**  
EYE ON THE FUTURE (GROWTH, CHALLENGES  
AND OPPORTUNITIES)



# CEO'S DESK

Dear Investors,

Indian equity markets after touching their peaks in December 2022, turned weaker due to various market worries - US Fed's hike of interest rates, concerns about Adani Group companies due to Hindenburg report, Russia's nuclear rhetoric and US banking crisis.

The key benchmark indices viz S&P BSE Sensex & CNX Nifty corrected by 3% and 4% respectively during the Jan-Mar quarter. The mid and small-cap indices fell sharper than their larger peers with the S&P BSE Mid-cap and S&P BSE Small-cap indices losing around 5% and 7% respectively during the quarter.

Among sectoral indices BSE Capital Goods and BSE FMCG were top performers while BSE Power and BSE Oil & Gas were laggards during the quarter.

India's retail inflation, which is measured by the Consumer Price Index (CPI), declined marginally to 6.44 per cent year-on-year in February as against 6.52 per cent in January. The inflation rate has remained above the Reserve Bank of India's (RBI) tolerance band of 2-6 per cent for the second straight month.

In order to contain inflation, the RBI has increased Repo rate by 250 basis points, from 4% to 6.5% since May 2022. RBI may hike policy rate by 25 bps further in its next MPC meeting in April, followed by a prolonged wait-and-watch approach.

The S&P Global Composite Purchasing Managers' Index (PMI) was at 59.0 in February, up from January's 57.5 and above its long-term average. Meanwhile, the S&P Global India Services Purchasing Managers' Index rose from 57.2 in January to 59.4 in February, its highest since February 2011. The seasonally adjusted S&P Global India Manufacturing Purchasing Managers' Index (PMI) was at 55.3 in February, little-changed from 55.4 in January.

India's current account deficit (CAD) has dropped sharply to \$18.2 billion in the October-December period. At \$18.2 billion, CAD for the last quarter of CY2022 is sharply lower than July-September's revised figure of \$30.9 billion. For April-December 2022, the current account deficit was \$67.0 billion compared to \$25.3 billion in April-December 2021. In percentage terms, the CAD for the first three quarters of 2022-23 is 2.7 percent of GDP as against 1.1 percent in April-December 2021.

The government's fiscal deficit for the first 11 months of 2022-23 widened





to Rs 14.54 lakh crore. At Rs 14.54 lakh crore, the fiscal deficit for April 2022-February 2023 accounted for 82.8 percent of the full-year target for 2022-23. Fiscal deficit in the first 11 months of the last financial year was 82.7 percent of that year's target. On the receipts side, gross tax revenues were up by 12 percent in April-February, although the growth exhibited in February was just 4.5 percent.

The 10-year Government bond yield has ended the Jan-Mar quarter at 7.315%, down by 2 basis points from the previous quarter due to collapse of two regional banks in the US. We feel that in view of the sudden failure of two regional banks in the US along with turmoil in a large European bank, addressing financial stability risks has become a high priority (instead of focusing on inflation only) and a key factor for future monetary policy actions for global central banks. The events have unexpectedly changed the outlook for Fed's interest rate path. The earlier probability of US Fed fund rate peaking at 5.5-5.75% and staying there for entire CY23 has now changed to possibility of rate cuts over the next 6 to 12 months.

In India too, we are near the end of the rising interest rate cycle now. Inflation is likely to be eased in the coming months and hence, RBI may not increase rates significantly beyond the current levels.

India's GDP growth slowed sequentially to 4.4% in Q3FY23, compared with 6.3% growth in Q2FY23. India's GDP, although moderated sequentially, stands strong amongst select Developed & Emerging Economies. However, declining exports have undertone of global economic slowdown. As per RBI, India is projected to grow at 6.4% in FY24. RBI has projected first quarter growth at 7.8%, second quarter growth at 6.2%, third quarter growth at 6%, and fourth quarter growth at 5.8% in FY24.

In terms of valuation, equity markets are currently trading at 17x 1 year forward earnings which are not expensive in wake of macroeconomic stability, relatively resilient EPS growth and a conducive flow environment. We expect manufacturing push, improving credit growth and rural recovery to provide major boost to the economy and earnings growth.

We feel that for equity investors it is time to start to accumulate equities in

a staggered manner as valuations have become reasonable now after the last 18 months of market consolidation and earnings momentum is likely to see a revival going ahead. Therefore, medium term outlook for Indian equities looks good as there are many drivers that are shaping India's economic ascent in the coming years - Digital competitiveness, diversification of global supply chains away from China, PLI-like incentives for the development of a dominant manufacturing base, focus on public infrastructure investment and stable political environment. Having said that, markets may be volatile in the near term due to global macroeconomic and geopolitical uncertainties.

We feel that major triggers for the markets could be the US Fed & RBI policy guidance, global flows and domestic & global growth data. For Indian investors, the policy stance of both the RBI and the US Fed needs to be watched as a rise in spread between US and Indian treasuries could attract FIIs to Indian assets and vice versa.



**Abhinav Angirish**  
*Founder & CEO*  
*InvestOnline.in*





## LAYING THE FOUNDATION OF VIBRANT INDIA

The final full budget for the current administration was announced by Finance Minister Ms. Nirmala Sitharaman on February 01, 2023.

She concentrated on and built the budget announcements around seven crucial government priorities. The administration, as anticipated, continued to prioritise capital spending, governance, and technology through a number of announcements and allocations. In terms of fiscal management, the FM stuck to the strategy of balancing fiscal restraint with economic growth.

**The seven main categories under which the FM announced her budget were**



## Important details and announcements pertaining to the Inclusive Development Priority

The government decided to focus on the demands of the agricultural, healthcare, and educational sectors under the slogan Sabka Saath Sabka Vikas. The major announcements made during the budget that fall under this priority include:

- Agricultural acceleration fund - Create an agricultural accelerator to provide funding for cutting-edge start-ups in the industry.
- Funding that is specifically aimed at the horticulture, animal husbandry, dairy, and fisheries industries totals Rs 20 lakh crore.
- Provide readily accessible storage facilities to assist farmers in better managing their crop storage.
- As part of its plans to establish the Indian Institute of Millet Research in Hyderabad as a global centre for millets, the government also coined the term “Shri Anna” for millets.
- The government is considering constructing 157 new nursing colleges as part of the improvements to the healthcare system.

- The budget discussed establishing a national digital library for kids and teenagers as part of its emphasis on education.
- The District Institute of Education and Training will be established, which will also modernise teacher training.

## Important developments and highlights related to Last mile Priority

In order to better direct resources towards the goal of reaching the last mile, the government established the Ministries of AYUSH, Fisheries, Animal Husbandry and Dairying, Skill Development, Jal Shakti, and Cooperation. These efforts received further push from this budget in the form of the subsequent initiatives.

- A budget of Rs 15000 crores has been set aside for the next Pradhan Mantri PVTG Development Project.
- For the 3.5 lakh indigenous pupils served by the Eklavya Model Residential Schools, more instructors are being hired.
- The expenditure for the Prime Minister Awas Yojana has increased 69% to Rs 79000 crores.





## Important announcements and highlights related to the infrastructure and investment priorities

Increases in economic activity and the number of people employed are amplified by spending money on infrastructure and other forms of productive capacity. Notwithstanding the lull caused by the pandemic, private investment is on the upswing once more. The Budget has assumed leadership in accelerating a number of projects and has developed measures for investment and employment development. The emphasis of the major announcements was on infrastructure and investment.

- » The capital expenditure outlay has been budgeted at Rs 10 lakh crore for the first time. This represents a 33% growth.
- » This record-breaking appropriation of Rs 2.4 lakh crore will be the largest ever made to the railways.
- » By establishing an Urban Infrastructure Development Fund, urban infrastructure can be created in Tier 2 and Tier 3 cities.
- » To increase regional aviation connectivity, 50 more airports, heliports, water aerodromes, and advanced landing fields will be revived.
- » The 50-year, zero-interest lending programme for state infrastructure projects will be maintained.

## Important updates and announcements pertaining to the priority unleashing the Potential

“Good governance is essential to the advancement of a country.”

“Our government is committed to establishing a transparent and responsible administration which works for the betterment and welfare of the common

people,” The FM quoted the Prime Minister when making allotments under this priority. Important declarations made under this pillar were

- » Three artificial intelligence (AI)-based centres of excellence are being established in educational institutions to create AI-based solutions for many industries, including healthcare and agriculture.
- » For improved justice delivery, phase 3 of the electronic courts will be introduced.
- » 100 5G laboratories are being setup for app development.
- » Companies and nonprofit entities will soon be able to use a DigiLocker service that will be specifically designed for them.

## Important announcements and highlights related to the pillar of green growth

This government has long placed a priority on green and sustainable growth. By 2070, we intend for our nation to emit zero carbon. The following were the key details of budget announcements made under this pillar:

- » With a budget of R 19,700 crores, the recently established National Green Hydrogen Mission aims to produce 5 MMT of green hydrogen year by 2030.
- » A Green Credit Program will be announced in accordance with the Environment (Protection) Act in order to promote behavioural change. This would encourage ecologically responsible behaviour on the part of businesses, people, and local organisations while also assisting in the mobilisation of additional resources for such efforts.
- » 500 new “waste to wealth” facilities will be built as part of the GOBARDhan (Galvanizing Organic Bio-Agro Resources Dhan) programme to advance the circular economy.



Your retired life is for you to enjoy, not for you to worry about income. Our retirement calculator helps you to calculate how much you need to grow your wealth to ensure a smooth and hassle free post retirement life.

To View More, Scan QR Code.

Investments in securities are subject to market risks, read all scheme related documents carefully.

**www.InvestOnline.in**

+91 777024447  
+91 22 40713333 / 1800-2222-65  
wealth@investonline.in



- In an effort to lessen pollution brought on by older automobiles, the government is also allocating extra funds for the State and Central governments to trash obsolete vehicles.
- The government also intends to encourage 1 crore farmers to practise natural farming.

### Important announcements and highlights related to the pillar “Young Power”

The government has developed a national education policy, placed a priority on skill development, and established economic policies that support large-scale job creation and employment possibilities in order to empower our youth and assist the “Amrit Peedhi” in realising their aspirations.

- There will be the introduction of a single Skill India portal.
- Direct Benefit Transfer under a pan-India National Apprenticeship Promotion Program will be implemented to give stipend support to 47 lakh youth in three years.
- 50 locations will be selected and developed to increase tourism.
- States will be urged to establish a Unity Mall in their state’s capital, most significant tourist destination, or financial centre for the marketing and sale of their own ODOPs (one district, one product), GI items, and other handicraft products, as well as for providing space for such products of all other states.

### Important news and announcements pertaining to the financial sector

Financial inclusion on a large scale, improved and quicker service delivery, simple access to credit, and participation in financial markets have all been made possible by financial sector reforms and creative technology use. These initiatives are to be further by this Budget through the following significant announcements.

- To encourage financial inclusion and digital lending, establish a national financial information registry. With an investment of Rs 9000 crores, revamp the credit guarantee programme for MSMEs.
- Unclaimed dividends and stock will be made accessible through a centralised online system.

### The Budget Deficit and Management for Fiscal Year 2023–2024

- States will be permitted a deficit of 3.5% of the GSDP, of which 0.5% will go toward changes in the electricity sector.
- The estimated fiscal deficit for FY 2023–24 is 5.9% of GDP
- By 2025–2026, the fiscal deficit should drop to below 4.5%.

### Modifications to Indirect Taxes

A more straightforward tax system with lower tax rates lessens the burden of compliance and enhances tax management. In light of this, the government has suggested lowering the number of basic customs duty rates on goods—aside from textiles and agriculture—from 21 to 13. The basic customs duties, cesses, and surcharges on some commodities, such as toys, bicycles, cars, and naphtha, have been slightly altered as a result.



## Which things are getting more expensive?

Cigarette taxes have increased by 16%.

The compounded rubber import tariff was raised from 10% to 25%.

Gold bullion products face an increase in their base customs charge.

Tariffs for electric chimneys for kitchens went up from 7.5% to 15%.

As the government hikes customs charge from 60% to 70% in the budget, fully imported luxury cars and EVs will cost more.

## What tends to become more affordable?

- Due to reduced import taxes, cell phones built in India will cost less.
- Duties on TV panel components made up of open cells have been reduced to 2.5%.
- There will be a reduction in the basic customs charge imposed on seeds used in the production of lab-grown diamonds.
- To encourage exports, the customs tax on shrimp feed will be cut.

## Alterations to the tax rates for personal income

The government has recommended several modifications to the personal income tax rates in an effort to streamline the tax system and ease tax administration.

Under the New Tax Regime, anyone who earns up to Rs 7 lakh is eligible for a tax rebate under Section 87A. Thus, everyone earning up to Rs. 7 lakh will not be required to pay income tax.

## The 5 Biggest Changes to Individual Tax Rates

There are now only five instead of six tax slabs under the new system. These are the most recent tax brackets and the structure of the tax system.

The New Tax System Has Updated Slabs

- Rs 0-3 lakh - tax-free
- 3-5 lakh rupees at 5%
- 6-9 lakh rupees at 10%
- 9-12 lakh rupees at 15%
- 12-15 lakh rupees at 20%
- Amounts over 15 lakh at 30%
- For individuals who choose the New Tax System, the Standard Deduction will be available.
- For people with incomes over Rs 5 crore, the highest

surcharge rate of 37% is reduced to 25%.

- Non-government workers can now cash out their leaves without paying taxes on amounts up to Rs 25 lakh.

## Corporate tax changes

- 15% corporation tax incentives are being extended to new businesses that start manufacturing through March 2024.
- Increased exemption thresholds for presumptive taxation for both individuals and corporations.
- The advantages that come with a company's date of establishment are extended by one more year for new businesses.
- The previous loss carry forward limit of seven years from the date of incorporation has been increased to 10.

It is difficult to steer the economy through such tumultuous waters while pursuing long-term strategic goals, upholding fiscal responsibility, and maximizing opportunities presented to India in this difficult but historic decade.

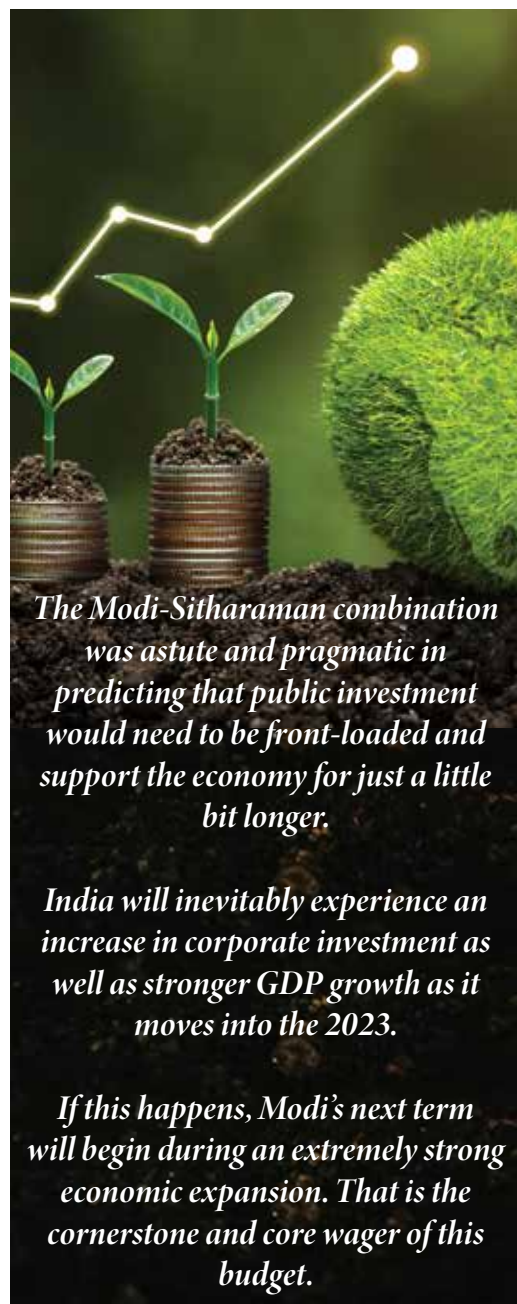
This budget will reassure economic stakeholders both domestically and internationally. By contributing, as anticipated, at least a fifth of the rise in global GDP between now and the end of the 2024s, it keeps India well on the route to a sustained period of growth.

Private investment, which hasn't exactly been vibrant for much of the Modi years, has been called out by critics. While some of this is true, it's important to remember the surrounding circumstances. The economy was in crisis when the BJP-led government took office in 2014, and many businesses had balance sheets that were over leveraged. For private investment, the environment was unfavourable.

The banking industry underwent a concerted clean-up, which was accompanied by a significant infrastructural drive and eventually, lower corporate tax rates. This made it possible for the businesses to pay off debt and straighten out its financials, setting it up for future investment.

At that point, the conflict and the pandemic's protracted unravelling both began. Private investment will lag in 2023 due to the recession that will affect several developed nations and the precarious state of the global economy.

In a year with a general election, businesses typically are cautious about making capital investments. In the summer of 2024, some 18 months from now, things might be drastically different. According to the most recent projections, a third Modi government would already be in power. The worst of the global economic recession would be over, if current expectations pan out. An enormous increase in private investment is anticipated.





# INDIAN ECONOMY

RESILIENT AND WITHERING THE STORM



## Introduction

The NBFC crisis and the then-unprecedented Covid-19 outbreak were just two of the economic crises that the Indian economy experienced over the course of the last four fiscal years. The epidemic, which manifested itself in three waves, lasted for about two years and continuously harmed the economy hopes for recovery.

But now that the pandemic seems to be over, attention is turning to getting each country's economy back on the path of healthy growth. Their attempts have been restrained, nevertheless, by the evolving geopolitical environment brought on by the current Russia-Ukraine conflict. Its knock-on effects have caused many enterprises to adopt a cautious approach across several geographies, raising concerns about an impending economic crisis. The Indian economy, which reported growth of 8.7% in FY22, stands out as one of the exceptions to all of this, demonstrating significant signs of a comeback. Based on the groundwork that was laid over the past several fiscal years to empower stakeholders, support the banking and financial services sector, increase transparency, and most crucially, launch the largest Covid immunisation programme in the world, it is anticipated that this growth will signal the start of a time of sustainable growth.

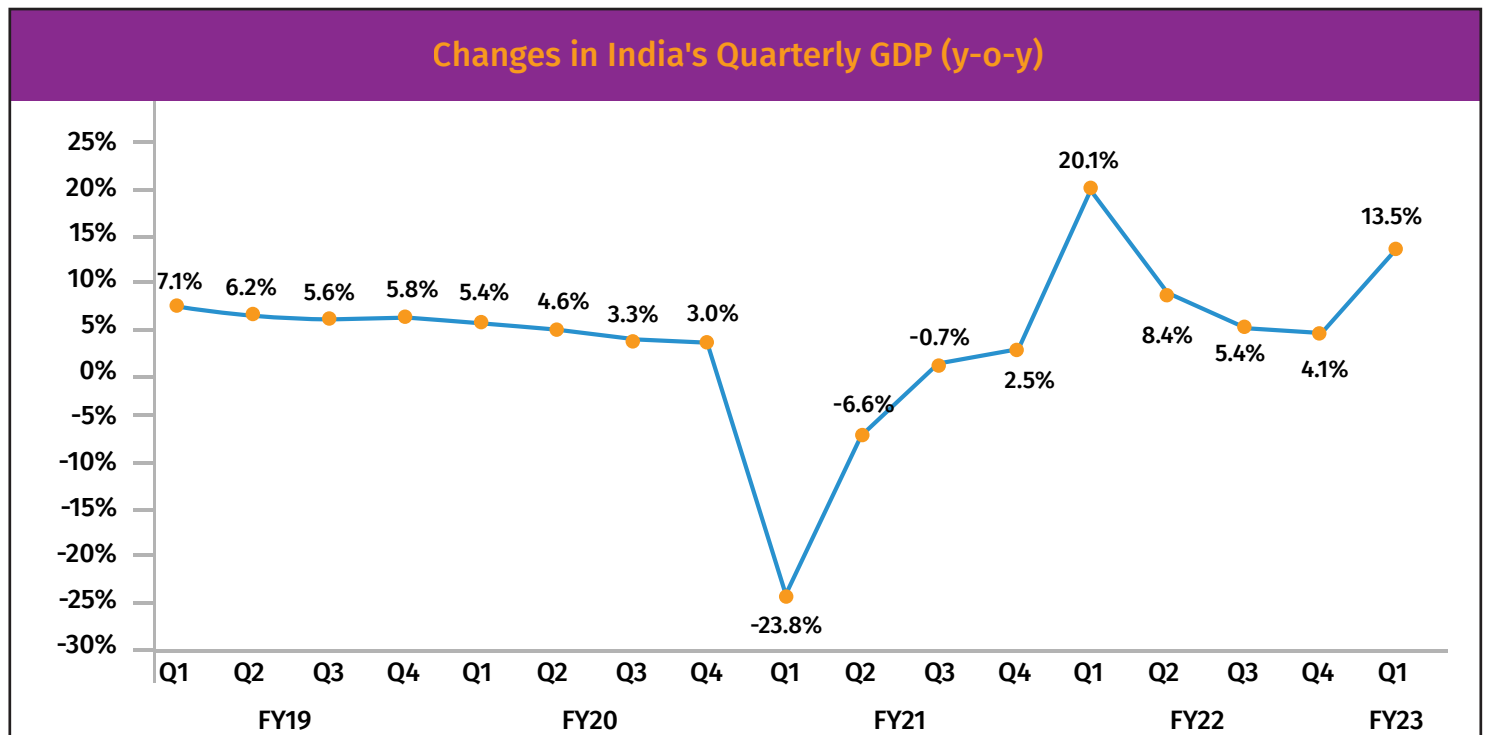
growth.

The committed government of India worked in tandem with a perceptive and flexible regulatory framework to protect and steer the economy through the difficult period. When the initial challenges subsided, the Indian financial authorities are now adjusting to the futuristic demands of efficient financial technology use and rising sensitivity to the ESG factors in the financial markets.

As a result, India is currently experiencing a protracted and paradigm-altering growth era. It will be interesting to see how the economy develops going forward. India's economy is currently the fifth largest in the world, but it appears to be on a development trajectory that will eventually see it rank among the top three economies.

## How Strong Is Economic Revival in India?

Throughout the last four fiscal years, the Indian economy has experienced many abrupt changes. Due to problems in the banking sector and a slowdown in private consumption growth, GDP growth has decreased from 8.3% in FY17 to 4% in FY20. The economic situation continued to worsen in FY21 as a result of the Covid-19 pandemic, and the Indian economy had the most severe decline of its yearly GDP, falling by 6.6%.



## What happened To The Economy During And After The Epidemic

It is important to note that the government and Reserve Bank of India (RBI) took prompt and aggressive steps to address the Covid-19 disruptions through fiscal and monetary policy measures like interest rate cuts, liquidity injections, and increased spending on health and social security. These actions may have helped to limit the economic contraction to some extent. Because to the recurrent lockdowns during pandemic waves, vulnerable businesses and households were severely harmed in terms of their finances and were given the support they needed. These prompt actions helped the economy bounce back, and the GDP increased by 8.7% in FY22 thanks to a significant base effect.

## The Rebuilding Process After a Pandemic

Global economy began to recover after the Covid-19 pandemic's three waves. Once Russia invaded Ukraine in February 2022, the dynamics of growth were, however, negatively impacted. The problem was made worse by escalating pricing pressures brought on by supply restrictions. The prospects for domestic growth were also adversely impacted by unfavourable international developments, including as tighter financial conditions, on-going supply restrictions, the protracted Russia-Ukraine war, and increased chances of a worldwide recession. A rise in inflationary issues was caused by on-going supply-side interruptions and supply-related uncertainty. In addition, there was a net decrease in capital flows, which caused the Indian rupee to weaken.

Also, the severe downside risks to the growth momentum were exacerbated by the record-level inflation of 7.28% in Q1FY23. The RBI began to reverse its lenient posture in response to growing inflationary worries and increased the key policy repo rate by 140 basis points as of May 4th, 2022. The RBI maintained its growth prediction of 7.2% for FY23 despite the additional challenge provided by the declining monetary policy support, citing the strengthening internal fundamentals and on-going resilience of the Indian economy. Also, the majority of the main international agencies have listed India's economy as one of the world's fastest-growing. The strong macroeconomic fundamentals and prompt regulatory action for preserving price stability and averting a stagflation-like situation are the key drivers of relative optimism over the domestic economy. This is clear from domestic high-frequency growth indicators, which, despite the gloomy state of the world, have been showing a slow and steady rebound thus far in FY23.

## A Widespread Recovery Across All Sectors

On the supply side, steady increase in the Gross Value Added (GVA) is anticipated, notably in contact-intensive industries thanks to the anticipation of strong agricultural output and a rising service sector. Because of the challenges brought on by rising input costs and persistent supply-side disruptions, the manufacturing sector is also anticipated to contribute favourably this year.



Track the latest updates on Indian and Global financial markets on your smartphone.  
Monitor your investments with portfolio and watchlist  
latest prices of Sensex, NIFTY and more.

To View More, Scan QR Code.

Investments in securities are subject to market risks, read all scheme related documents carefully.



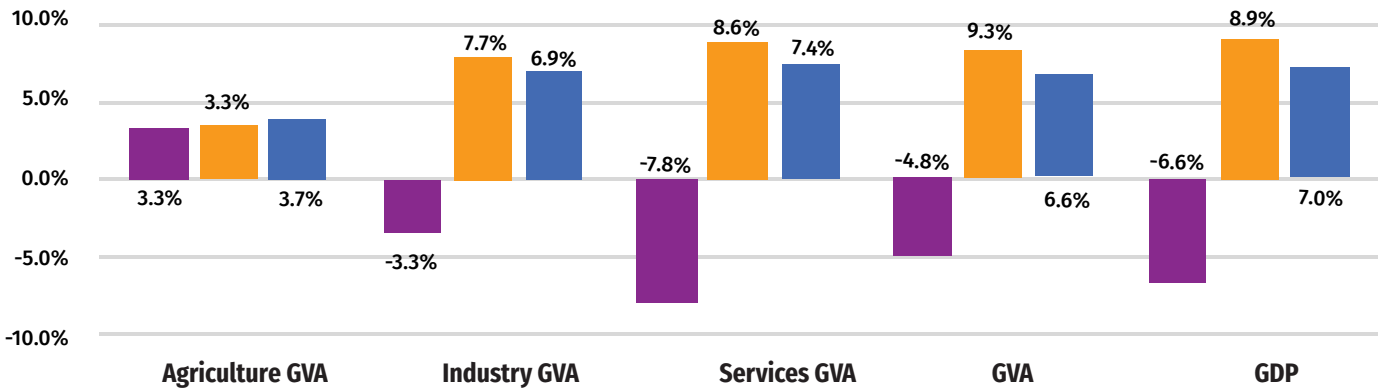
[www.InvestOnline.in](http://www.InvestOnline.in)

+91 777024447

+91 22 40713333 / 1800-2222-65

[wealth@investonline.in](mailto:wealth@investonline.in)

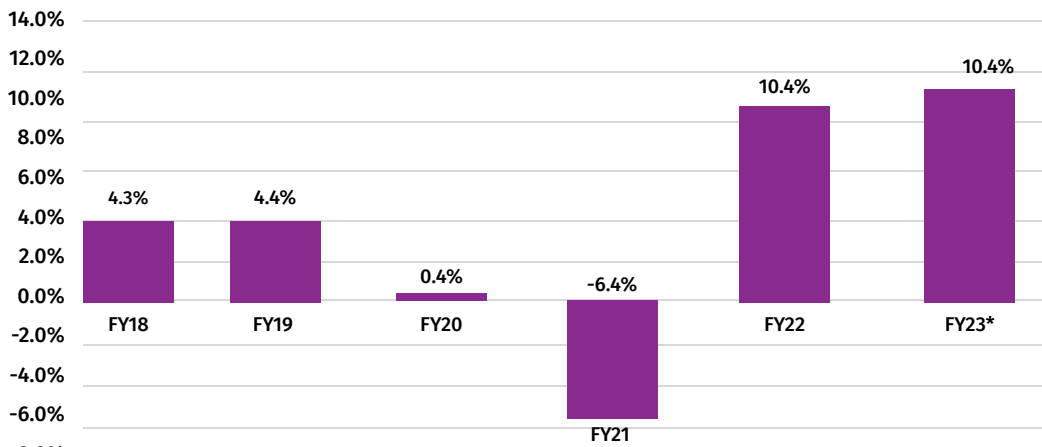
### GDP and GVA Estimates (y-o-y changes at constant prices)



The momentum is strong and widespread according to high frequency indicators.

### Eight Core Businesses Exhibiting A Significant Upswing

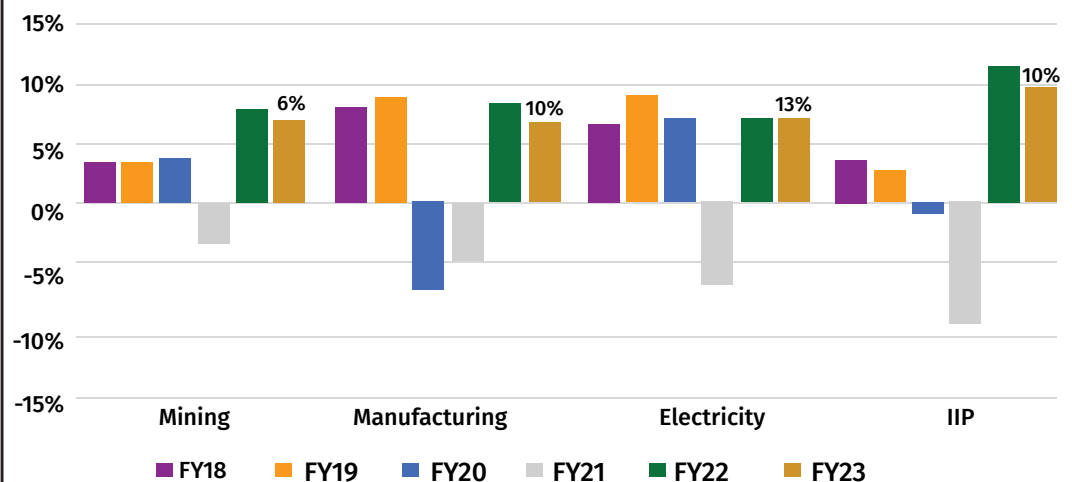
#### Growth in Eight Core Industries (y-o-y changes)



\*: Average growth for April to July 2022

Concerns about inflation, which worsened in the first half of 2022 and lowered spirits, seem to have subsided recently. The increase in demand, declining input costs, and rising corporate confidence all contributed to an increase in industrial output.

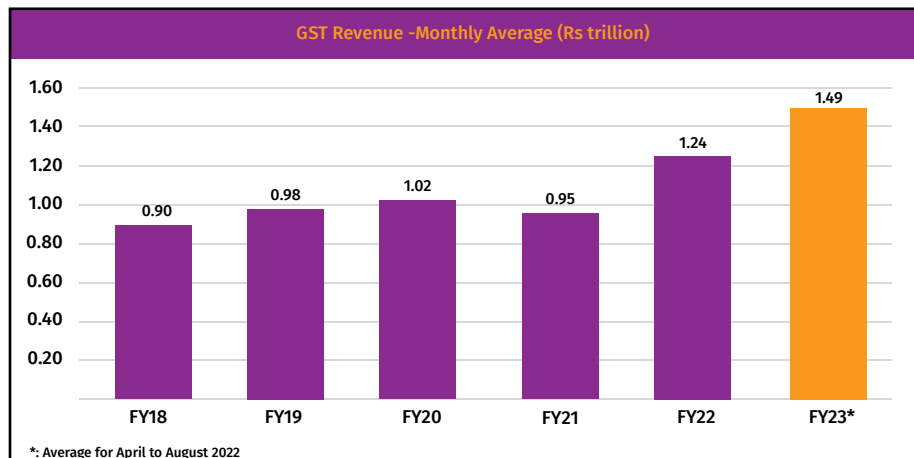
#### Industrial Activity (Changes in y-o-y in%)



\*: Average growth for April to July 2022

## GST Monthly Receipts Demonstrate A Consistent Economic Recovery.

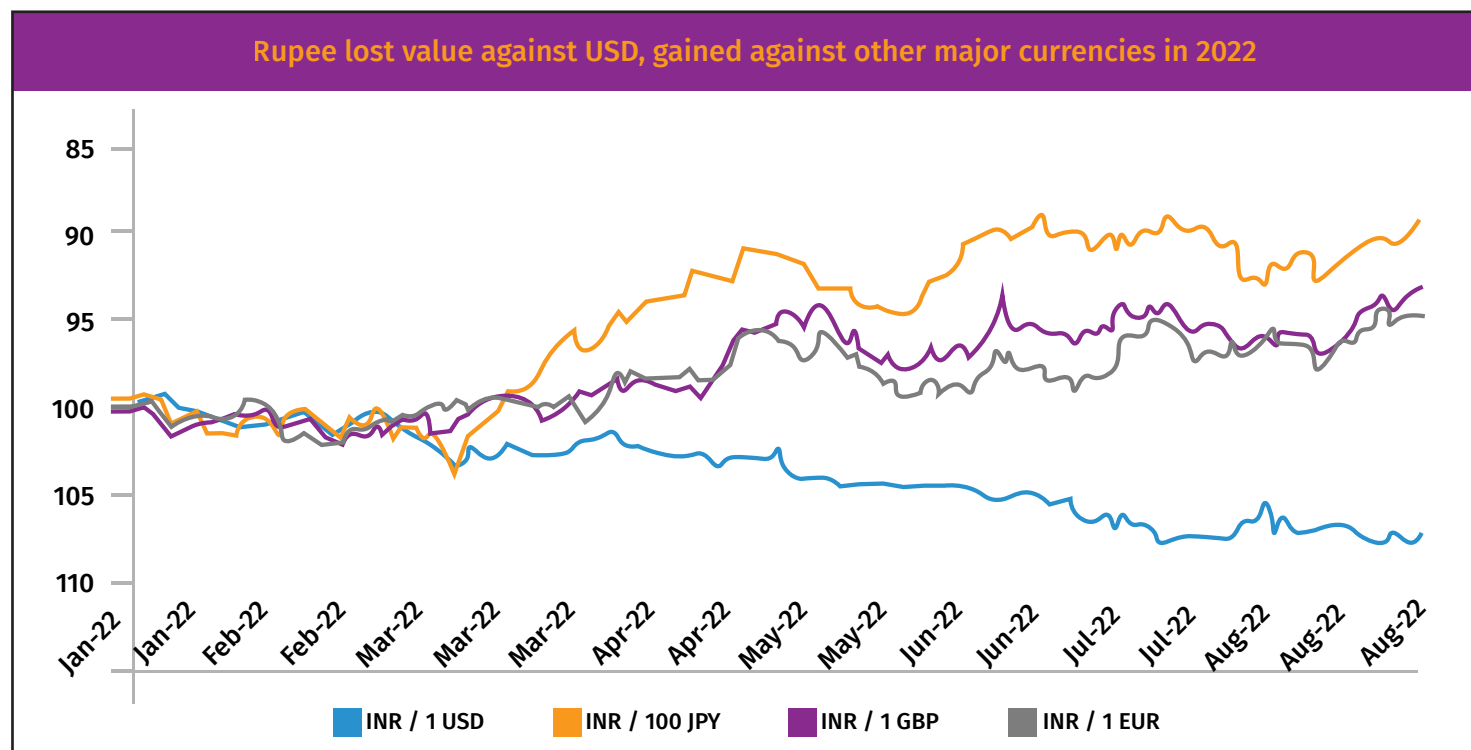
The consumption of taxable goods and services, represented by the gross GST revenues, increased significantly, showing increased economic activity and indications of a sustained development phase. The GST Council has taken a number of actions in the past to promote improved reporting as well as better compliance, and these actions have consistently had a favourable effect on GST collections. The technology platform needs to be stabilised in order to significantly improve tax compliance. In addition, input tax credit claims need to be monitored on time in order to further enhance tax compliance and result in higher revenue production.



Also, the GSTN was able to stabilise the technological infrastructure. Better invoice matching and the discovery of false invoices that were used to claim input tax credit have been made possible by the requirement that all firms with annual revenue over Rs. 100 crore submit electronic invoices. This has made it possible for better tax compliance and enforcement. The GSTN should eventually be able to enforce the e-invoice requirement for all enterprises with revenues exceeding Rs 10 crore, which will apply to more than 95% of taxpayers. Given these improvements, we should anticipate more revenue buoyancy, which should give us confidence to implement additional changes.



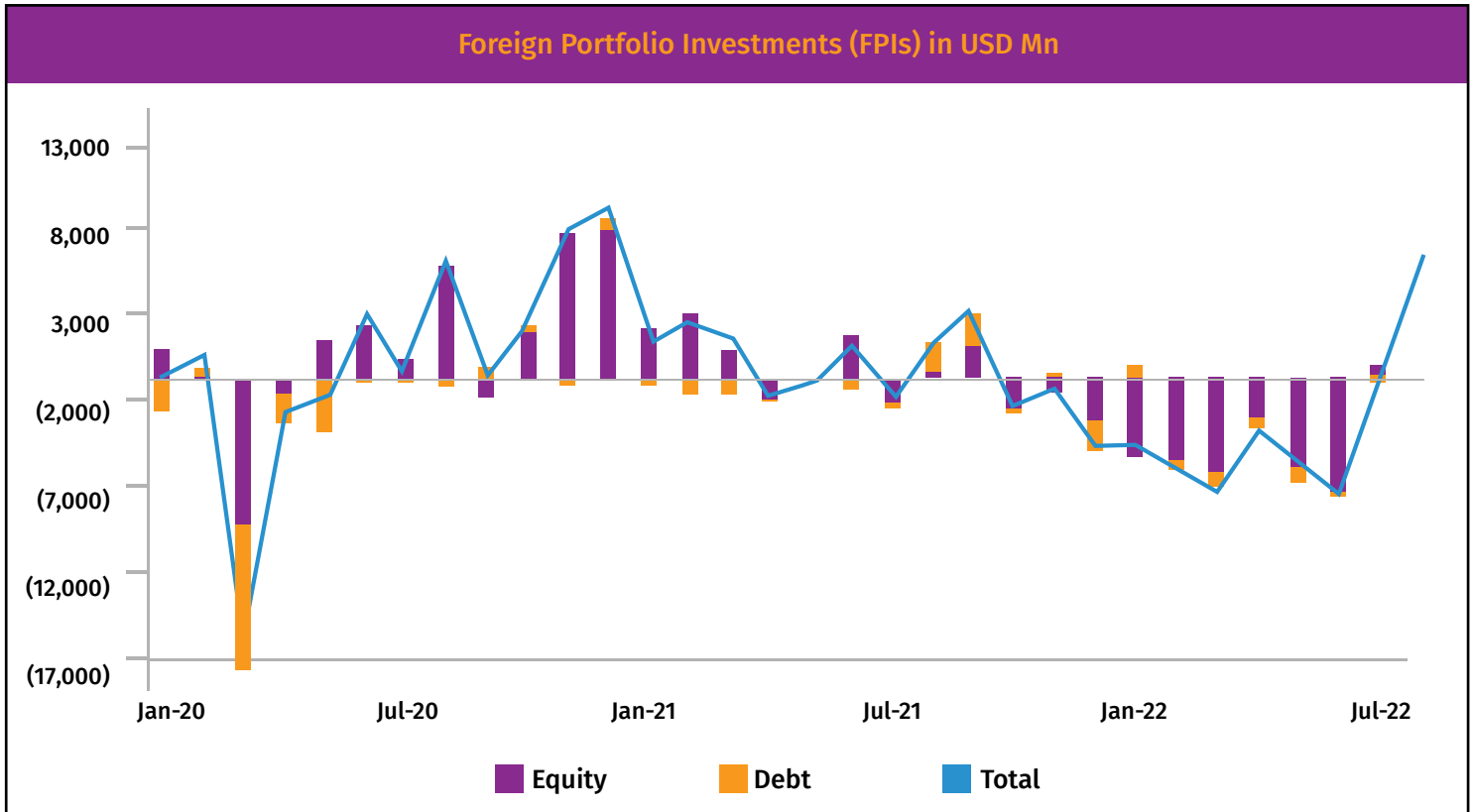
In terms of EM counterparts, the rupee has performed better in FY23 thus far. In 2022, the Indian rupee strengthened against the other major currencies despite declining against the US dollar. In contrast to the currencies of other EMEs, the Indian rupee managed to maintain relative stability versus the US dollar despite the US Fed's relentless rate hikes. The RBI's accommodating policies and successful volatility management interventions helped the Indian rupee to maintain its stability.





## FPIs Who Have Recently Invested In Indian Equities Highlight India's Potential For Growth.

FPIs have begun to move into Indian markets in accordance with expectations of stability and growth surrounding the Indian economy, particularly in the wake of the RBI tightening interest rates.



## Banking As A Core Sector

There is a direct correlation between a healthy banking system and sustained economic expansion. After the NBFC crisis in 2019 and the Covid-19-related disruptions in 2020, there have been major changes in the banking system, mostly as a result of asset quality difficulties.

The government has invested a significant amount of capital in Public Sector Banks (PSBs) during the last 5–6 years to help them weather the NPA crisis and maintain the Basel III framework's minimum capital requirements. Before the epidemic struck, PSBs had a healthy level of capital, which put them in a better position to weather the shock of the pandemic. Following the epidemic, the RBI implemented a number of customary and novel strategies to ensure the smooth operation of the financial system. In addition to cutting key policy rates by 115 basis points (repo rates were lowered to historic lows from 5.15 to 4% levels between March and May 2020), the RBI also kept its accommodative posture throughout FY21 and FY22. The RBI also implemented a number of liquidity-boosting measures to maintain the financial system's efficiency. With the lifeblood of financing flowing, the government and RBI's concerted policy response served to lessen the pandemic's negative effects on financial markets and financial institutions.



If you are planning for retirement, higher education, saving for wedding or even buying a house or a car, InvestOnline's goal based calculator can help you to get a rough estimate of the money you require to fulfil each goal.

To View More, Scan QR Code.

Investments in securities are subject to market risks, read all scheme related documents carefully.

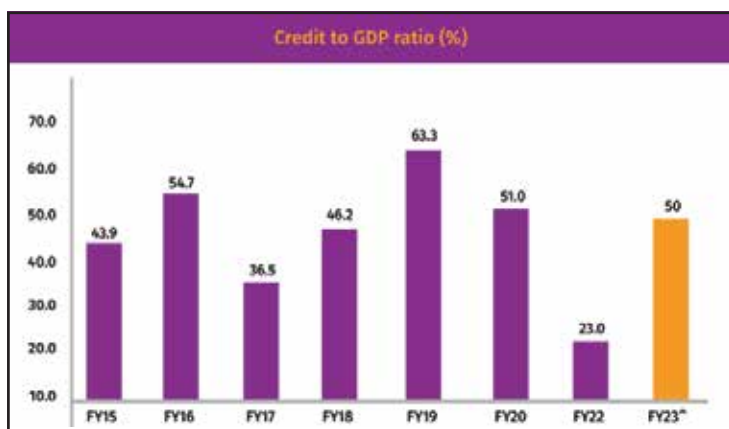


[www.investonline.in](http://www.investonline.in)

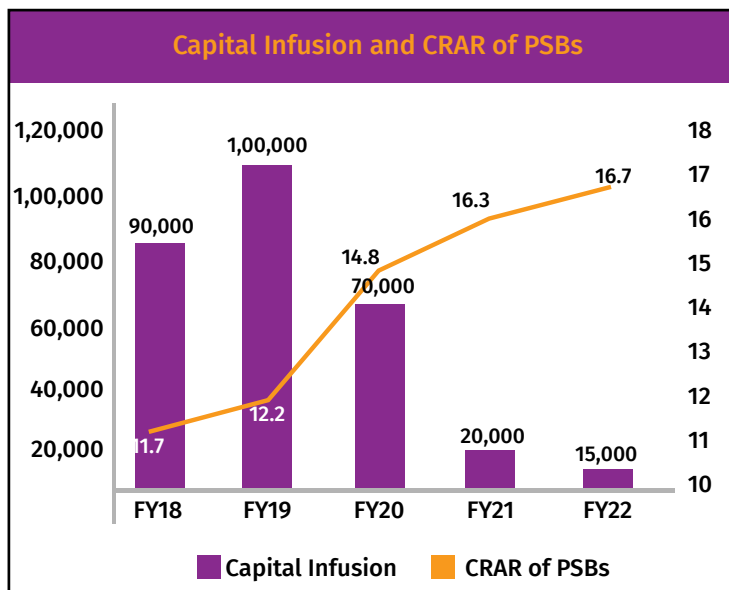
+91 777024447

+91 22 40713333 / 1800-2222-65

[wealth@investonline.in](mailto:wealth@investonline.in)



The gradual rise in the bank loan to GDP ratio is one of the most important markers of economic expansion. A lower number reveals the need for more formal credit, while a larger percentage illustrates the banking industry's proactive and active participation in the actual economy. The share of additional credit to GDP increased to as much as 63% in FY19, up from an average of 50% over the previous five years. After falling to 23% in FY22, the share is anticipated to surpass 50% in FY23.



## Recapitalization of Banks

The Indian banking system was able to weather the pandemic's shock and keep its capital adequacy ratio over the Basel III framework's minimal regulatory standards. The government invested Rs 3.2 trillion in PSBs between FY17 and FY20 to assist banks in meeting the minimum capital requirement and managing sizable volumes of bad assets on their books. Its recapitalization was funded by a combination of budgetary allotment and the issuing of recapitalization bonds worth 2.76 trillion rupees. The injected funds eventually served as a buffer for the banks against potential pandemic shocks, helping to raise the Capital to Risk weighted Assets Ratio (CRAR) of PSBs from 11.7% in FY18 to 14.8% in FY20. Since March 2020, the CRAR has been increasing, reaching a new high of 16.7% in March 2022.

## Bank restructuring

In 2021, the government combined 10 PSBs into 4 banks as part of a reorganisation of the Indian banking industry. The banks now have a larger capital base, which has decreased the requirement for government capital infusion. As a result, the financial sector is now strong, with participants who are better able to absorb systemic shocks.

## Asset Quality Ratio: Consistent growth over time

Asset quality, whose maintenance has historically been a significant concern for Indian banks, has begun to significantly improve as a result of better adherence to laws and increased government capitalization. Due to IBC-backed resolutions and write-offs, banks' asset quality improved in FY19 after hitting a low point in FY18. While banks took a cautious approach to lending and improved loan underwriting, there were also fewer new slippages to NPAs. Decreased SMA overdue and a reorganised portfolio also contributed to an improvement in asset quality and a consequent decrease in credit expenses during this time. In March 2022, the Gross Non-Performing Asset (GNPA) levels were about 5.9%, down from 11.6% in March 2018.



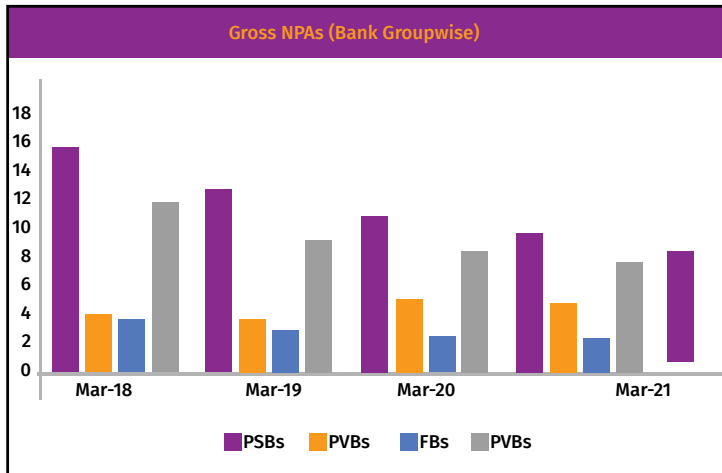
Your retired life is for you to enjoy, not for you to worry about income. Our retirement calculator helps you to calculate how much you need to grow your wealth to ensure a smooth and hassle free post retirement life.

To View More, Scan QR Code.

Investments in securities are subject to market risks, read all scheme related documents carefully.

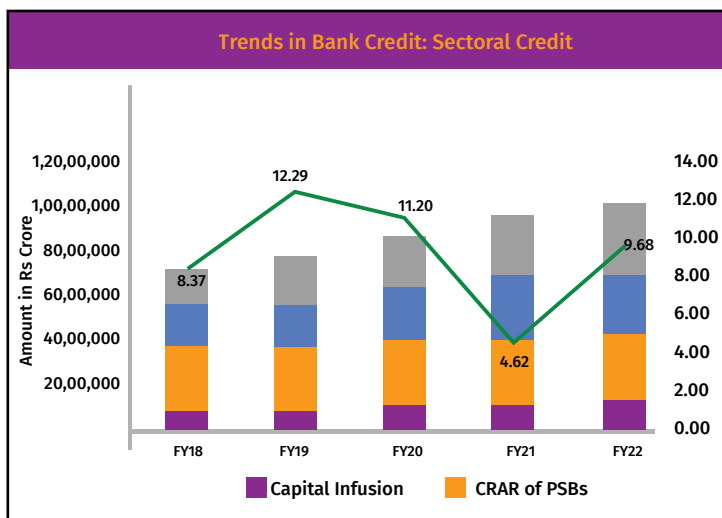
**InvestOnline.in**

+91 777024447  
+91 22 40713333 / 1800-2222-65  
wealth@investonline.in



## Recapitalization of Banks

The slowdown in the economy and the stressed bank balance sheets over the past three years have kept credit growth modest, but it is now beginning to show indications of revival. It decreased to a CAGR of 10.2% from FY11 to FY20 after recording a Compound Annual Growth Rate (CAGR) of 20.9% from FY02 to FY10. Banks' risk aversion as a result of the system's historically high level of non-performing assets further hampered the flow of credit. As Covid-19 broke out, the decline in credit growth was further exacerbated by pandemic-related economic disruptions.



Given India's high development prospects and a quicker recovery in economic activity, credit growth for banks rebounded to 9.7% in FY22 and is predicted to continue buoyant or reach double digits in the following years. According to the most recent information provided by the RBI on credit outstanding, as of August 26, 2022, bank credit increased at a pace of 15.5% year over year compared to 6.1% during the same time the previous year. The Capacity Utilisation (CU) of enterprises has also begun to show signs of improvement, which supports the idea that the economy is beginning to revive. According to data from the RBI, the CU in the manufacturing sector as a whole increased to 75.3% in Q4FY22, the highest level in the

previous 12 quarters. Demand conditions have significantly improved, and businesses are increasing their stocks to accommodate incoming orders.

## Strong Regulations In Place To Build a Strong Economy

Regulators in India have a long history of being very proactive and frequently coordinate their efforts with those of the government. This has repeatedly been demonstrated by the Indian economy, which has proven resilient in the face of numerous global economic downturns and shocks. Similar to this, during the most recent period of instability (FY19-FY22), regulators and the government acted quickly with a number of structural and operational measures, giving the economy the needed boost at the time.



Kotak Gold ETF has delivered an annualized return of 13.70% in the last 5 years.

-Gold is considered as a safe-haven asset.

-Investment in gold can act as a shield against volatility.

To View More, Scan QR Code.

Investments in securities are subject to market risks, read all scheme related documents carefully.



[www.InvestOnline.in](http://www.InvestOnline.in)

+91 777024447

+91 22 40713333 / 1800-2222-65

[wealth@investonline.in](mailto:wealth@investonline.in)

**FY19**

- Post the NBFC crisis, SEBI introduced Partial Credit Enhanced (PCE) credit ratings for NBFCs and HFCs. This enabled NBFCs and HFCs attain a better credit rating, which improved investor sentiment.
- To improve the integrity of credit ratings, SEBI also introduced tighter disclosure norms for CRAs.
- The GoI set out to amalgamate various public sector banks, which would make the resultant banks resilient, less risky and more profitable.

**FY20**

- Increasing the flow of credit in the economy by the lowering of the Leverage Ratio and Cash Reserve Ratio.
- Expansion and extension of its Targeted Long-Term Repo Operations.
- A special liquidity scheme for the stressed NBFC and HFC sector, as well as for Mutual Funds was introduced.

**FY21**

- Rs 50,000 crore relief was provided to the MSME sector.
- The Insolvency and Bankruptcy Code (Amendment) Bill, 2021, provided a pre-packed agreement for the resolution of the debt of a distressed MSME entity.
- The RBIs' Priority Sector Lending Guidelines, which included sectors like Agriculture, Education, Export Credit, Housing and MSMEs, helped stimulate lending in the economy and ensured credit availability across stressed sectors of the economy.
- The All-India Financial Institutions was refinanced to the tune of Rs 50,000 crore in FY21.
- Resolution Framework for Covid-19 Related Stress was introduced, which enabled lending institutions to formulate a resolution plan for borrowers facing stress due to Covid-19. This helped mitigate the impact of Covid-19 on borrowers and would eventually lead to the revival of the stressed sectors of the economy.
- To help relieve the banks of their stressed assets, the NARCL was set-up.
- Co-operative banks were permitted to utilise the SARFAESI Act to recover bad loans.
- In view of the Punjab and Maharashtra Co-operative bank issue, the RBI was given regulatory powers over co-operative banks through the Banking Regulation (Amendment) Bill, 2021.

**FY22**

- At the onset of the second lockdown in FY22, the RBI launched the G-Sec Acquisition Program (G-SAP) 1.0 to provide liquidity to the system and support the yield curve during Q1FY22. The RBI launched G-SAP 2.0 for Q2FY22, which it halted in response to the easing of the lockdown, adequate liquidity and better GST collections.
- A Credit Guarantee Scheme for Micro-Financial Institutions was launched to ensure the availability of credit to small borrowers.

**FY23**

- The RBI increased policy rates to tackle increasing inflation with the background of rising energy prices, supply-side pressures and the easing of restrictive measures.
- The RBI also laid out stricter Credit Enhancement (CE) guidelines for Credit Rating Agencies (CRAs) to enable a common framework for better assessment of Credit Enhancement across CRAs.
- The cabinet also approved Interest Subvention for Agriculture Loans, supporting the Agriculture sector by providing it access to low-interest credit.



## The Beginnings of An Economic Recovery

India is on track to have the fastest-growing economy in the world. The Indian financial system is still thriving and stable. The Indian banking sector was able to manage the pandemic's waves and enhance their capacity for risk absorption with the help of policy support, including regulatory dispositions.

Bank credit growth showed a clear upswing in FY22 and is likely to continue with double-digit growth in FY23. Prior to slowing in FY21 due to weak business sentiments throughout the year as a result of the slowdown in the economy leading to lower demand in the market, bank credit growth showed a clear upswing in FY20.

While the industry and services sectors are both likely to raise their borrowings given the recent period's sustained improvement, credit growth in agriculture may remain constant with ongoing domestic demand. Banks have rapidly grown their proportion of retail lending over the past two years since it was a safer bet than corporate loans in terms of asset quality. Nonetheless, the demand for such credit could increase in the upcoming years due to the economy's recovery.

*A clear increase in credit quality was indicated by a positive shift in the credit ratio, and the improvement in the financial performance of the borrowers was seen through better median financial measures. The credit ratio for BWR in FY21 was 1.25; in FY22, it rose to 2.01.*

- The regulatory environment in India has indicated proactive and prompt measures, strengthening the banking and financial services business, allowing MSMEs to survive the epidemic, and allowing NBFCs to rebound following the NBFC crisis.
- As a result of the RBA's altered position on rates, there are signs that inflation may moderate from a peak of 7.8% in April 2022 to 6.71% in July 2022. Once more, this may be a precursor to India's transition to a path of steady and sustainable growth with stable prices.
- Having managed the upheaval in the past few years, regulators are now focusing on adopting long-term actions to prepare the Indian economy and financial services ecosystem for a time of sustained growth. The withdrawal of the accommodative monetary policy stance to control inflation, along with policies and guidelines on Fintech, sustainable finance, and the consideration of ESG in risk assessment, show the regulators' long-term perspective, which takes into account the expected global scenario in the next 5-7 years. The Indian economy is back on its growth path despite the global headwinds with clear indications of sustained and higher economic activity, with most sectors performing better than they did before the pandemic.



## Conclusion

Although the effects of the state of the world economy are being felt in India, the country's economy is still recovering. While local macroeconomic and financial events appear to have decoupled and showed a minor recovery, dangers to the stability of the global financial system have increased.

The financial system is still strong and helps the economy recover. The RBI and government support have helped the Indian banking system successfully resist the pandemic's negative effects. A favourable regulatory environment and a sizeable infusion of capital have helped absorb the shocks and laid the groundwork for banks to successfully respond to the now apparent increased demand for loans. Indicating long-term stability in the financial system, both banks and non-banking entities have enough capital buffers to weather future adversities. In addition, banks have strengthened their capital and liquidity situations as asset quality has increased.

While ensuring macroeconomic and financial stability, regulatory efforts are still being made to strengthen the financial system against unanticipated negative events and to enhance the lending climate to promote recovery. The rise of bank credit is already in double digits and is increasing up pace.

There is a definite sign that regulators are cognizant of what the financial sector and economy as a whole will need in the future. With futuristic policies like central bank digital currency and the taxation of virtual digital assets, together with a supportive position on digital banking, regulators are guiding the Indian financial system towards the adoption of novel financial technologies.

The regulators are also mindful of India's environmental and sustainability compliance goals. As a result, the RBI and SEBI have begun to consult with financial system stakeholders in order to develop appropriate regulations for Environmental, Social, and Governance (ESG) disclosures and risk assessment.

India is now firmly on the cusp of long-term progress towards global economic leadership due to the combination of a strong domestic financial system, sensitive regulatory control, and early indicators of a quicker rebounding economy.





# ESG INVESTING

## WILL IMPACT INVESTING BE PROFITABLE FOR ALL?

Environmental, Social, and Governance (ESG) investing has surged in popularity over the last few years, and an increasing number of investors are starting to either invest in ESG funds or take ESG considerations into account when making investment decisions.

However, there are lots of stumbling blocks which is inevitable in a world expanding at such a breakneck pace.

There is a lack of trustworthy information about ESG investing, and problems with its performance have not been adequately explored. There is a need for more research into ESG investing now that India is beginning to embrace ESG.

### GOVERNANCE, SOCIAL, AND ENVIRONMENTAL (ESG)

A seasoned investor knows that an organization's returns and financial performance can be affected by variables other than monetary ones. Financial analysts are knowledgeable of the dangers attached to non-financial variables, although it can be difficult to quantify them.





Social impact investing takes into account both financial and social returns, while traditional financial investing focuses solely on maximizing shareholder value. ESG investing falls halfway in the centre and refers to the process by which investors take into account environmental, social, and governance issues in order to optimize the long-term value of their assets. ESG investing is a useful instrument for risk management and assists investors in aligning their investments with their personal beliefs and ethical standards.

*All three types of investing  
— Social Impact Investing, Impact Investing, and  
ESG Investment  
use ESG measures and methodology,  
but they vary in how much attention they pay to the  
kinds of returns they seek.*

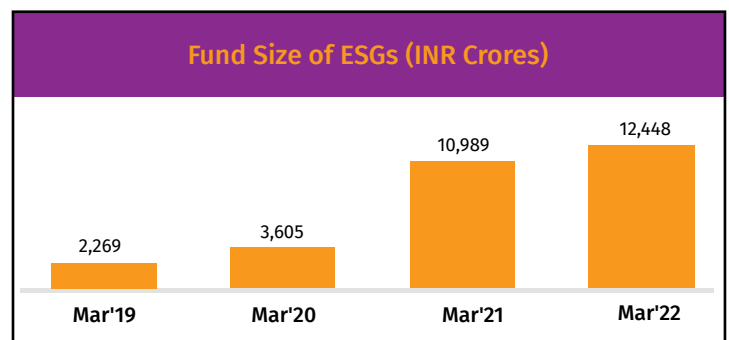
ESG investing, in contrast to the former two, prioritizes financial returns that generate long-term value while also considering environmental and social factors. In some ways, the first two have a philanthropic bent, whereas ESG investment has a purely financial bent.

## TRENDS

The popularity of ESG investment has increased globally. According to data, there is a 53% increase in the value of sustainable mutual funds and ESG-focused exchange-traded funds, bringing the total to \$2.7 trillion. More than 18% more money flowed into ESG-focused funds in 2021 with a record \$649 billion coming in November alone.

According to the statistics, the expected net flow in sustainable funds worldwide is currently about \$600 billion, demonstrating a constant increase from the prior values of \$200 billion and \$400 billion in 2019 and 2020, respectively. It is expected that overall net assets in sustainable funds would reach roughly \$2.7 trillion by year's end, a significant increase from the \$1.0 trillion in 2019 and the \$1.8 trillion in 2020.

By taking a bird's eye view of the industry, India's tale does not stand out from the pack in any way. By March 2022, India's ESG funds had increased to Rs. 12,448 crore, up more than 13% from 2021. The fiscal year 2021 was a standout year for ESG funds, which saw growth of more than 200% over the previous year due to the launch of multiple funds. In India, investors prefer to focus on ESG funds more during New Fund Offerings (NFOs), and the subsequent loss of traction is apparent. ESG funds saw a net outflow of INR 315 crores compared to an influx of INR 4,844 Crores in FY21. Indian investors are becoming more interested in ESG funds, yet investors have not yet warmed up to them the way the rest of the world has. The majority of inflows took place during new fund offers.



## DRIVING FACTORS

According to a research, the top three worldwide drivers of ESG are social/moral considerations (77%), risk reduction (14%), and the pursuit of alpha (6%). Other factors, such as increased long-term profits, stronger brand awareness, lower investment risk, fewer legal obligations, fewer demands from external



stakeholders, etc., are also driving investors toward ESG.

In India, the situation is similar, and the Securities and Exchange Board of India (SEBI) is concentrating on harmonizing the legal requirements. The Business Responsibility and Sustainability Report (BRSR) was introduced by the SEBI as a new framework for environmental, social, and governance reporting. The top 1,000 publicly traded firms are expected to file BRSRs in which they evaluate their significant ESG risks and opportunities, offer plans for reducing or adjusting to those risks, and detail the financial ramifications of those risks.

Drivers of ESG Investing	2017	2020
Managing investment risks	65%	64%
Clients/investors demand	45%	59%
Fiduciary Duty	36%	43%
Reputational benefits	32%	41%
Better financial returns	N/A*	35%

*BRSR is a framework that has been established as a standard with the goal of addressing the changing reporting environment for sustainability around the globe.*

Corporates are required to conduct business ethically and uphold reporting transparency as the reporting environment in India rapidly changes to conform to international norms and rules. In India, BRSR will centralize information about sustainability reporting. The SEBI has decided to make BRSR-based reporting optional for the fiscal year 2021-22, but it would become mandatory beginning in the fiscal year 2022-23.

*The BRSR questionnaire is divided into three sections:*



*General disclosures*



*Disclosures on management and processes*



*Principal-specific performance disclosure*

- General disclosures under BRSR cover information about the listed entity, its products and services, its commercial activity, operations, holdings, subsidiaries and associate companies (including joint ventures), corporate social responsibility, transparency, and disclosure compliances.
- Management and process disclosures address issues of policy, leadership, and oversight in the second segment.
- The final section, Principle-wise performance disclosures, divides the remaining KPIs into two subcategories: critical indicators and leadership indicators.

Data on training programs, environmental statistics on energy, emissions, trash, and water, social effect made by the organization, and other types of data are examples of essential indicators that must be collected. Companies may choose to disclose leadership indicators for improved accountability and responsibility. Information on life cycle assessments, conflict management policies, supplier chain disclosures, etc. are all included here. In order to increase thoroughness and standardize the reporting process, it is possible that the questions in the leadership area will be moved to the essential category.





## Performance Of ESG Funds In India

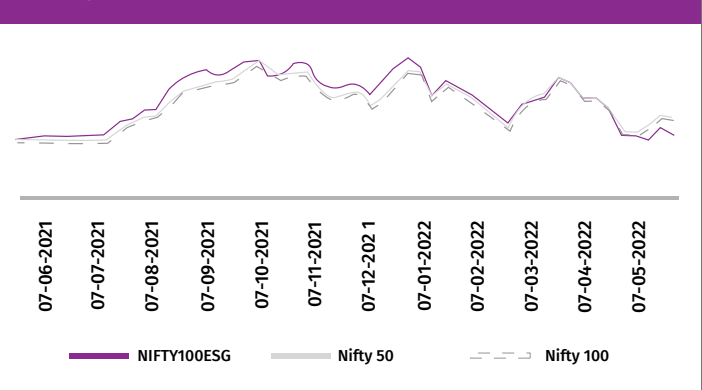
Due to the fact that several ESG funds were just created this past year, it can be difficult to analyse their success in India. Analysing the NIFTY100 ESG, a benchmark index, is one method of estimating performance from above. Based on a company's Environment, Social & Governance (ESG) score inside the NIFTY100 Index, the NIFTY100 ESG tracks its performance.

The free-float market capitalisation of each index constituent and its modified ESG risk score, which is changed depending on the ESG score assigned to the firm, are used to calculate each constituent's weight.

The top five index businesses and sectors are listed in the following table.

Sector	Weights	Sector	Weights
Financial Services	28.64	Infosys Ltd.	6.68
Information Technology	22.66	TCS Ltd.	5.58
Automobile and Auto Components	8.57	HDFC	4.72
FMCG	7.15	HCL Technologies Ltd	3.21
Healthcare	5.70	Bajaj Finance	2.77

### 1-Year performance of NIFTY100 ESG vs NIFTY 50 vs NIFTY 100



The majority of funds consist of cash, shares, debt, money market instruments, and ESG stocks. ESG equities are the shares of businesses with excellent corporate governance standards, a main emphasis on environmental issues, and a focus on employee concerns and broader social issues. Based on ESG criteria, the ratings are offered by ESG rating companies including MSCI, Morningstar, and Bloomberg. ESG equities can be recognised by higher-rated companies. Although there isn't a set procedure per se, each rating provider has its own criteria, which the authorities find contentious. The SEBI intends to standardize this through a legislative framework that mandates accreditation for all rating agencies. Only research analysts and credit rating firms will be permitted to register with the SEBI as ESG rating providers, according to additional information provided by the SEBI. ESG ratings are ultimately assigned by these rating agencies based on ESG scores. The ESG ratings offered by MSCI are on a seven-point scale: AAA, AA, A, BBB, BB, B, and CCC. The top two grades are regarded as leaders, the next three as average, and the final two as laggards.



**Do You Know? By investing just Rs. 10,000 every month, you can potentially accumulate corpus of Rs. 3.24 crore\* in 25 years!**

\*return assumed at 15%. Terms and conditions apply. Past performance is not indicative of future results.

**To View More, Scan QR Code.**

Investments in securities are subject to market risks, read all scheme related documents carefully.



[www.InvestOnline.in](http://www.InvestOnline.in)

+91 7777024447

+91 22 40713333 / 1800-2222-65

[wealth@investonline.in](mailto:wealth@investonline.in)

Environmental, social, and governance aspects are the three areas under which the variables used to construct ESG ratings are divided. Climate change vulnerability, water sourcing, biodiversity, land usage, sourcing of raw materials, and other environmental aspects are examples of environmental factors. Social considerations include worker training, supply chain labor standards, chemical safety, consumer financial protection, privacy and data security, among other things. They also include health and safety procedures and practices. Governance variables, on the other hand, include things like the diversity and independence of the board's makeup, as well as executive compensation, ownership, and accounting procedures.

Fund/Index	Returns (1Y)	Returns (5Y)
NSE NIFTY50 index	2.80%	14.15%
SBI Magnum Equity ESG Fund	4.26%	11.87%
Kotak ESG Opportunities Fund	-2.87%	
Axis ESG Equity Fund	-0.95%	
ICICI Prudential ESG Fund	0.71%	

The top four ESG funds by assets under management (AUM) are SBI Magnum Equity ESG Fund (Rs. 4,456 crore), Axis ESG Equity Fund (Rs. 1,534 crore), ICICI Prudential ESG Fund (Rs. 1,231 crore) and Kotak ESG Opportunities Fund (Rs. 1,126 crore). The SBI Magnum Equity Fund invests 80% of its money in ESG stocks and 20% of its money in stocks, bonds, and money market instruments. Kotak ESG Fund uses an ESG rating system along with a business, management, and value model to construct a portfolio. Similar strategies are utilized by other funds as well. These investment vehicles all aim to find the finest equities that also meet environmental, social, and governance standards.

Since the vast majority of these funds have only recently debuted, a 1-year performance comparison to the NIFTY 50 index appears reasonable. Based on the

data, only SBI Magnum was able to generate alpha and outperform the NSE NIFTY50 index over a 12-month period. Looking into SBI Magnum's 5-year record, however, it becomes evident that it fared poorly (11.87% returns) compared to the NSE NIFTY 50 index (14.15%).

In general, ESG funds and the NIFTY50 index have a lot in common. With an intersection portfolio of 71.14 percent, SBI Magnum has the largest degree of overlap with the NIFTY50, followed by the Kotak ESG fund at 66.44 percent. At 46.64%, Axis and ICICI are last.

Fund/Index	Portfolio overlap with the NIFTY50
SBI Magnum	71.14%
Kotak ESG Opportunities Fund	66.44%
Axis ESG	46.64%
ICICI Prudential ESG Fund	46.60%

Due to the dynamic and ongoing nature of the overlap between fund portfolios, the above table only reflects the situation as of June 2022.

## CHALLENGES

*History: Three of the top four ESG funds in India were only introduced in the last 2-3 years, making the phenomena relatively new.*

There is not yet sufficient evidence from the past to draw any firm conclusions. This difficulty may become less of an issue as time goes on, and it may even motivate savvy investors if the funds do well.

India's ESG reporting is not of the highest quality, hence its data is not the most reliable. Under the new BRSR ESG reporting framework, the SEBI is attempting to standardize it and has increased the ESG reporting requirements for the top 1,000 listed businesses. To get higher ESG ratings, corporations



**Abchlor PMS Beats The Market Again!**  
Since inception, Abchlor Classic Equity has delivered 17.45% vs S&P BSE 200's 9.70%\* in the same period. Proven track record of wealth creation. Long-term investment View.

To View More, Scan QR Code.

Investments in securities are subject to market risks, read all scheme related documents carefully.

**www.InvestOnline.in**  
+91 7777024447  
+91 22 40713333 / 1800-2222-65  
wealth@investonline.in



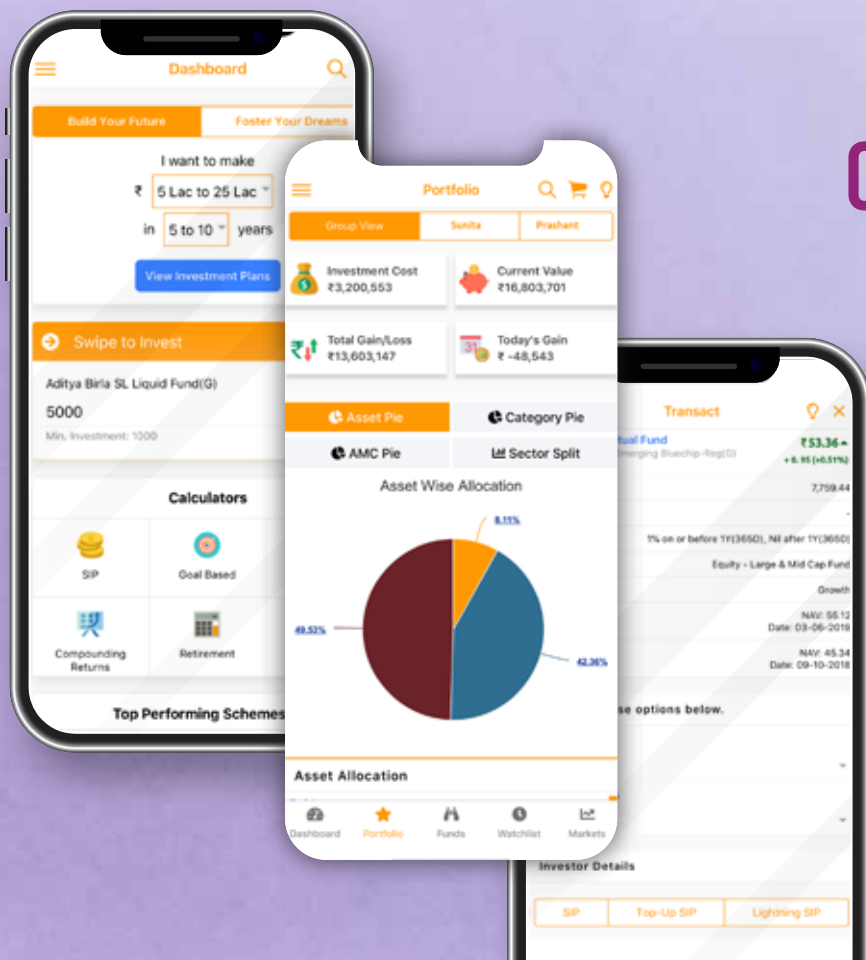
could, however, "greenwash" the data in an effort to give the impression that they are environmentally sensitive, fooling investors into believing they are. If this problem can be overcome, one of the main obstacles standing in the way of ESG investing will be removed.

Market scenario: Although the SEBI requires that 80% of the companies in any ESG fund be ESG compliant, or more precisely match the schemes' objectives, the market is not reflecting this need. There are times when a judicious portfolio cannot be constructed by a fund manager. Many Indian businesses, including ITC, Reliance, and others, include both ESG and Non ESG components. There aren't many green and sustainable businesses in the Indian ESG market. It consists primarily of companies who are now performing well and moving toward sustainability.



## CONCLUSION

ESG funds are a relatively new concept in India; nevertheless, while they are being welcomed with open arms around the globe, they have not yet reached that level of adoption in India. From data dependability and reporting laws to market conditions, India faces its own set of challenges. This is why ESG funds have underperformed the market. As new funds are offered, many investors sign up, only to withdraw their subscriptions later due to subpar performance. There is a lot of overlap with straightforward index funds, so it stands to reason that if India's economy develops and its infrastructure for data reporting gets stronger, ESG investing will become a more appealing choice than it is right now, which doesn't appear to be the case.



# ANALYSE, COMPARE, RESEARCH, INVEST

Only On  
**InvestOnline**  
Your Gateway To eMutual Funds

**DOWNLOAD THE APP NOW**

Available on the  
**App Store**

GET IT ON  
**Google Play**



# ELECTRIC VEHICLES

## A GAME CHANGER FOR INDIAN AUTO INDUSTRY?

Due to its large contribution to global emissions, the transportation sector has made electric vehicles ("EVs") a priority topic, including in India's recently released union budget ("Budget"). The "E-Mobility Mission"—India's national initiative to promote transformative mobility and battery storage—remains a priority for the country. This article examines some of the most significant government-sponsored projects in the Indian EV sector, as well as reasons for China's rapid growth and leadership in the Electric Vehicles space.

### India's Efforts To Push Electronic Vehicles

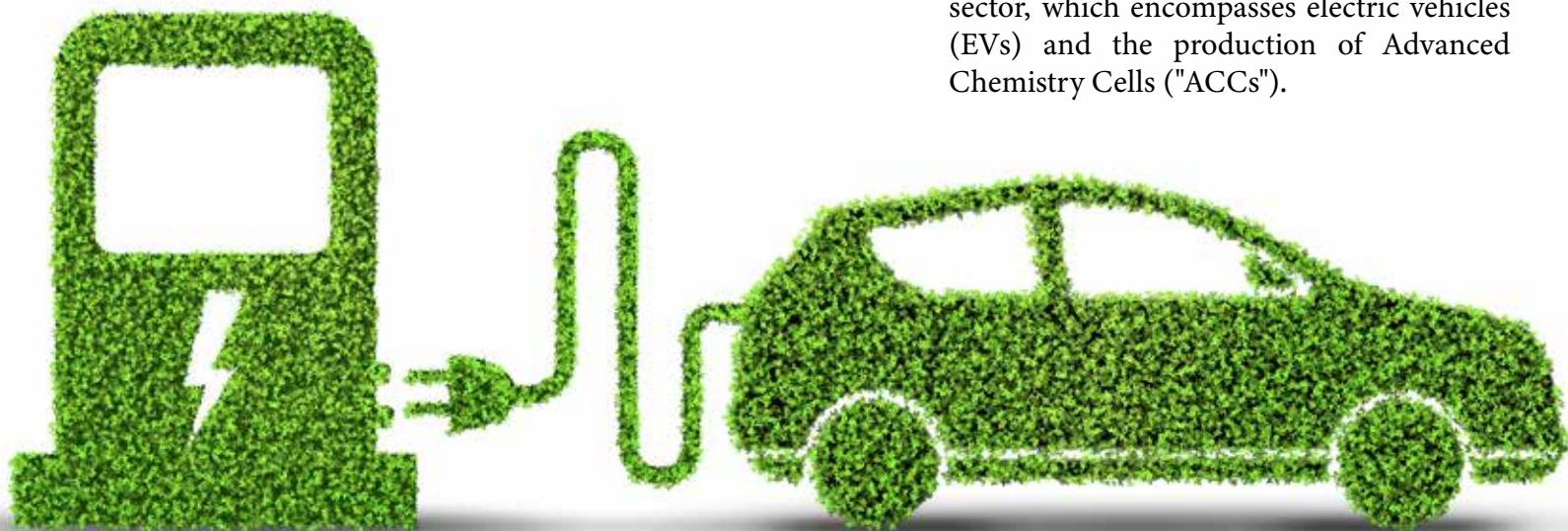
In 2013, India began pushing hybrid and electric vehicles via the National Electric Mobility Mission Plan 2020 ("NEMMP") with the goal of achieving national fuel security. The government's objectives at the time were to offer financial and fiscal incentives to promote the developing technology and offer financial assistance to prospective purchasers in order to make a purchase.

Faster Adoption and Manufacture of Hybrid and Electric Vehicles in India plan I ("FAME 1") was introduced in 2015 by the Ministry of Heavy Industries with the goal of stimulating interest in EVs and facilitating their widespread adoption through the development of a market, a range of supporting technologies, and a variety of test and demonstration programs. However, even after significant amounts had been spent over a period of four years, an independent consultant gave FAME 1 a negative evaluation due to the system's subpar performance in important goal metrics, such as fuel savings and carbon dioxide reduction. As a result, the MHI notified FAME 2 of the situation.

FAME 2, which has been given a new deadline of 2024, intends to encourage consumers by lowering the upfront cost of EV purchases (including under income tax, and boost demand for a specific number of EVs across categories.

In order to qualify for FAME 2 subsidies, manufacturers must meet phased manufacturing program ("PMP") criteria for increasing the percentage of electric vehicle ("EV") components sourced from within the country. Also, in order to support domestic production, the previous Budget increased the already high customs charges on imports of semi-knocked down and built EV units.

The Production Linked Incentive ("PLI") program was given the green light by the government in 2021 for the automotive sector, which encompasses electric vehicles (EVs) and the production of Advanced Chemistry Cells ("ACCs").



ACCs are a relatively new technology that could eventually take the role of lithium-ion in the manufacture of EV batteries. So, in the absence of additional advancements in green hydrogen technologies, this PLI program aims to lower import dependence, battery prices, and eventually, EV costs. Some Indian states have established policies relating to the production of EVs, including subsidies, exemptions, and other incentives on top of those granted by the central government.

### Tackling The Waste and Emissions

It was proposed in the Draft National Auto Policy of 2018 (the "Draft NAP") that provisions be made for the banking and trading of carbon dioxide ("CO<sub>2</sub>") credits by vehicle manufacturers. In this scenario, credits that are awarded to a manufacturer may either be: (i) utilised to compensate against debits, or (ii) traded/transferred among businesses. The Draft NAP also proposed that businesses be permitted to organise a pool in order to more effectively manage their CO<sub>2</sub> emissions.

Recent changes were made to the Energy Conservation Act, 2001 to enhance the existing system for controlling energy consumption. A carbon credit trading plan is one area where the EC Act has been updated to give the federal government more authority. Emissions from motor vehicles, as specified by the Motor Vehicles Act of 1988, are also now within the purview of the EC Act. According to the modification, there might be a fine of up to INR 10 lakh for failing to adhere to the rules. Manufacturers of vehicles that violate the fuel consumption standards are subject to an extra fine of up to INR 50,000 per unit sold.

In light of the foregoing, the Bureau of Energy Efficiency may establish energy consumption criteria for automobiles and institute a carbon credit system to ensure adherence to fuel efficiency regulations. According to recent news accounts, a nationwide carbon market mechanism is scheduled for implementation this year. The BEE created a preliminary plan for such a market and made it available for reviews by interested parties in late 2021. In the future, carbon credits may be awarded to charging stations that use renewable energy to power

EVs. The idea is that the owners of electric vehicle charging stations could benefit from this secondary revenue source by charging for their services.

In the meantime, the Ministry of Environment, Forest, and Climate Change notified the public in 2018 of the Battery Waste Management Rules, 2022 which are intended to replace an older piece of legislation. Producers, sellers, and importers ("producers") are responsible for collecting and recycling/refurbishing batteries that they introduce to the market with "extended producer responsibility." Producers can employ or approve any other organization to fulfil these EPR requirements. In order to fulfil these duties, the BWM Regulations also want to make it possible for producers, recyclers, and refurbishers to exchange EPR certifications.

In addition, the BWM Regulations are designed to support the development of new industries and foster entrepreneurship with regard to: (1) the collection, recycling, and refurbishment of used batteries; and (2) the use of recovered materials from such waste to create new batteries. The BWM Guidelines aim to encourage the development of innovative recycling and refurbishment technologies and the injection of capital into these sectors by establishing a minimum recovery

### Focus On Charging Infrastructure

The growth of bank credit reached a decadal high of 17.9% on an annual basis in October, which was an increase from the 16.4% growth seen in September 2022. Credit growth was on the rise across the board as a result of favourable lending rates and strong credit demand. The two areas showing the most dramatic growth are services and personal loans.

### Present and Future Innovations

In 2021, the Centre for Study of Science, Technology and Policy ("CSTEP") carried out a pilot experiment known as the "CSTEP Study" with the goal of determining whether or not the solar rooftop photovoltaic ("SRTPV") technology can be used on a larger scale in Indian cities. CSTEP aimed to show how solar energy may be used to charge electric vehicles because India's power infrastructure still relies heavily on coal. According to the CSTEP Research, SRTPV

systems have a number of benefits, including (i) being a financially feasible technology for the goal of obtaining clean energy, (ii) being easily installable due to their modular form, (iii) offering a low-cost alternative and/or supplement to traditional grid-charging, and (iv) potentially mitigating the negative effects of demand spikes with respect to grid-based EV charging. As a result, CSTEP investigated the financial aspects and advantages of using grid-connected SRTPV to power EVCS both with and without a BESS. In this context, the CSTEP Study recommended implementing net metering at EVCS to address the discrepancy between the generation and consumption of solar energy.

Yet, it is possible that the electrification of road transportation and the deployment of decentralised renewables like rooftop solar would increase the complexity of managing power grid distribution in the long run. This means that even in a pessimistic scenario, major cities may experience grid congestion. As a result, it might be necessary to use "smart" charging methods and the digital grid. This possibility is acknowledged in reports produced in collaboration with NITI Aayog. Consumers may more effectively utilize battery storage and boost the use of renewable energy with smart charging thanks to improved load control features, usage-based analytics, automatic payment, and ultra-fast charging technologies. Also, the EVCS market will benefit from advancements in technology like portable charging stations and bi-directional charging.

When compared to other EV markets, China has a significantly larger share of fast charging stations—more than two out of every five publicly accessible ones. Certainly, public charging infrastructure in China has been rapidly deployed thanks to government subsidies and proactive growth initiatives implemented by public utilities. Meanwhile, new use patterns like electric taxis, ride-sharing, and other public/logistics fleets have increased the profitability of the EV charging business as a whole thanks to legislative limits on energy costs and a growing demand for public charging (resulting, in turn, from greater urban consumption). Also, the cost of manufacturing the fundamental charger modules for fast charging stations has been significantly reduced (by roughly 70%) thanks to the speed and scale at which EVSE have been deployed in China.

Public charging access needs to change in a way that is proportional to the sector's expansion and increasing level of complexity. In particular, the long-term goal of the EV ecosystem must be to achieve a degree of functionality that consumers are accustomed to in conventional cars. However at the moment, only private hubs are used for most EV charging.

Factors such as real estate costs, average commute times, population density, and the prevalence of 'private' charging stations should all be taken into account when determining the optimal density of charging stations for electric vehicles (at home or at the workplace). While private charging methods are probably going to continue to satisfy a sizable portion



**Abchlor PMS Beats The Market Again!**

Since inception, Abchlor Classic Equity has delivered 17.45% vs S&P BSE 200's 9.70%\* in the same period. Proven track record of wealth creation. Long-term investment View.

**To View More, Scan QR Code.**

Investments in securities are subject to market risks, read all scheme related documents carefully.



[www.InvestOnline.in](http://www.InvestOnline.in)

+91 777024447

+91 22 40713333 / 1800-2222-65

[wealth@investonline.in](mailto:wealth@investonline.in)



of the total demand, there is still a huge need to increase the availability of public charging stations. Moreover, EV chargers must be both easily available to the general public and quick in order to accommodate extended trips. Range anxieties alone may continue to be a major barrier to widespread EV adoption until consumers who lack the resources to utilise private EVCS are given the right incentives.

### Focus On Charging Infrastructure

Industry players have proposed that India may need a government mandate for Zero Emission Vehicles ("ZEV") due to the fact that new registrations of EVs still make up less than a twentieth of yearly sales. Credit trading mechanisms to incentivize increased production or sales of electric vehicles may be implemented if such a law were enacted. ZEV regulations with credit/offset-based features and financial penalties for non-compliance, as implemented in the EU, China, and a number of states in the US, have contributed to a meteoric rise in EV sales. For instance, California, which is home to more zero-emission vehicle (ZEV) models than the rest of the United States put together, has a credit requirement in the form of a percentage that can be met through the trading of credits.

In fact, ZEV requirements across the globe have aided in accelerating the adoption of EVs in conventional transportation, in part by broadening the product selection, offering innovation road maps, lowering costs, encouraging investments in charging infrastructure, and overall fostering investor and consumer confidence. Moreover, India might restructure its current fuel economy regulations in a way that supports technological innovation, much like Europe has done to promote increased electrification. So, domestic producers may be encouraged to produce more EVs for the fleet average standards.

Lithium is one of the essential raw materials that must be imported.

India continues to be significantly dependent on imports from China and Hong Kong to meet domestic demand for lithium and lithium-ion for use in the manufacture of EV batteries, as is seen from a 2022 press release released by the Ministry of Mines. Around 40% of an EV's overall price is attributable to Li-ion batteries. India's original equipment manufacturers ("OEMs") and, ultimately, its consumers, are still

constrained to purchasing more expensive EVs than conventional vehicles because of supply chain challenges and a strong reliance on imports. As a result, the worldwide supply chain disruptions continue to threaten the Indian EV industry.

Lithium, nickel, cobalt, and manganese make up 80% of the cost of an EV cell, and India's lack of access to these components is a big stumbling block to the country's EV growth. Lithium and cobalt reserves are limited in India, and the country also lacks the essential equipment for mineral refinement.

### How China Became The Leader In Electric Vehicles Market

China's rapid ascent to the top of the global electric vehicle production and consumption charts happened before the majority of the population caught on to the magnitude of the shift. China has been the largest market for electric vehicles for eight consecutive years, and this trend shows no signs of slowing. In the space of only two years, the number of EVs sold annually in the country increased from 1.3 million to a staggering 6.8 million. To put it in perspective, in 2022, the United States sold just approximately 800,000 electric vehicles.

Even the most knowledgeable observers have been taken aback by the industry's rapid growth. Along with sustaining China's car industry's growth throughout the epidemic, this supremacy in the EV market has also helped China advance its goal of being a global leader in climate policy.

The question remains, how could China accomplish this feat? The government has played a crucial role in the EV industry for quite some time, maintaining both the supply and the demand for electric vehicles. A plethora of domestic EV companies have developed and are continually optimising new technologies to meet the real-world needs of Chinese consumers as a result of government subsidies, tax breaks, procurement contracts, and other policy incentives. As a result, there is now a sizable population of young people on the market for electric vehicles.

Yet, the history of the sector's development involves more than simply Chinese government policy; it also involves Tesla, Chinese battery technology researchers, and consumers across the rest of Asia.



## What Prompted China To Begin Investing In EVs And When Did It Begin?

Prior to making a significant investment in EVs in the early 2000s, China's auto industry was in a difficult situation. It was a major player in the production of conventional internal-combustion vehicles, but none of its home-grown brands were competitive with the imports that dominated the market at the time.

They understood that they would never catch up to the American, German, and Japanese legacy automakers in terms of internal combustion engine innovation. Furthermore, Japan and other nations were already taking the lead in hybrid car research, where the early years' batteries played a secondary role to the gas engine. As a result, China was not really able to compete.

This prompted the Chinese government to abandon proven technology and make investments in whole new fields, such as battery-powered automobiles.

There was a great deal at stake; electric vehicles were still in the experimental phase at this point, with major automakers like Toyota and GM abandoning them after only a few years. Yet, the potential payoff was substantial: China could gain an advantage in what could be a sizable portion of the car industry.

Yet, countries that had excelled at making gas or hybrid cars had less of a reason to seek new forms of vehicles. In the case of hybrids, for example, Japan was already standing at the pinnacle, so it failed to see why it needed to electrify the auto sector.

Additionally, EVs could help China address a number of other pressing issues, including reducing the country's chronic air pollution, its dependency on foreign oil, and its need to revive the economy after the 2008 financial crisis. For Beijing, it appeared to be advantageous.

China was starting out with a leg up due to pre-existing advantages. EV production uses a different technology, but it still needs the old auto supply chain's collaboration, and China had a respectable one. A budding EV industry can be supported by the same manufacturing capabilities and low-cost materials that kept its gas-car factories running.

As a result, the Chinese government started making investments in related technologies in 2001. In the country's Five-Year Plan, which is its most comprehensive economic strategy, EV technology was included as a priority science research project.

Once Wan Gang, an auto engineer who had spent the previous decade working for Audi in Germany, was appointed China's minister of research and technology in 2007, the sector received a substantial boost. Wan was an early adopter of electric vehicles (EVs), having driven the 2008 Roadster, Tesla's initial EV model. People now give Wan credit for making the national decision to put all of eggs in the basket of electric automobiles. From that point on, the growth of the electric vehicle industry in China has been a staple of the country's long-term economic strategy.

## What Did China Do Exactly?

The Chinese government is particularly skilled at concentrating resources on the industries it wishes to expand, and this trait is inherent in the nature of the nation's economic system. It has recently begun doing the same with semiconductors.

Beginning in 2009, the nation started providing financial aid to EV manufacturers who make buses, taxis, or personal vehicles for consumers. Less than 500 EVs were sold in China during that year. Nonetheless, having more cash allowed businesses to continue investing in their models. Also, it meant that people could purchase their own EV for less money.

The government invested more than 200 billion RMB (\$29 billion) in related tax incentives and subsidies between 2009 and 2022. Even though the subsidy scheme was officially discontinued at the end of the previous year and replaced with a more market-oriented system known as "dual credits," it had already achieved its goal: the more than 6 million EVs sold in China in 2022 represented more than half of all EV sales worldwide.

Through awarding procurement contracts, the government additionally assisted local EV start-ups in their early years of operation. Public transportation in China has been using electric vehicles since around 2010, before they were widely adopted by consumers.

Many trains, subway cars, buses, cabs, etc., operate in China. In addition to federal and local incentives, some

states also provided citizens with incentives to buy electric vehicles. Obtaining a licence plate for a gas-powered vehicle in densely populated areas like Beijing can take years and cost several thousand dollars. Yet, those who chose to buy an EV were essentially exempt from the process.

Last but not least, local governments have occasionally collaborated closely with EV businesses to create rules that can support the growth of the latter. In the EV market, for instance, BYD, a Chinese business that is presently challenging Tesla's dominance, grew to prominence by maintaining a strong relationship with Shenzhen, a city in the country's south and helping it become the first city in the world to fully electrify its public bus fleet.

Thus, China leads the world in EV sales. But where does Tesla, the most well-known individual EV manufacturer, fit in?

Indeed, Tesla's ascent to the position of largest EV firm has been closely linked to the development of China's EV industry.

Despite monetary rewards, regional Chinese governments have actively courted Tesla to establish manufacturing operations there. Tesla was able to construct its Gigafactory in the Chinese city of Shanghai at a breakneck pace in 2019 due to the city's accommodating regulations.

China now plays a crucial role in Tesla's supply chain. More than half of the Tesla cars scheduled for delivery in 2023 will come from the Shanghai Gigafactory, which is now Tesla's most productive manufacturing facility.

Yet, the gains have been shared; Tesla has also been quite beneficial to China. In other words, the company forced Chinese brands to develop and try to catch up with Tesla in everything from technology advancement to affordability. This is known as the "catfish impact" on the Chinese EV industry.

## How The Battery Helped Transform The Electric Vehicles Market

The battery cells, which can account for up to 40% of the cost of a car, are the most crucial component of an electric vehicle. A powerful, dependable, yet reasonably

priced battery is the most crucial component in creating an EV that is commercially feasible.

Chinese companies made significant strides in battery technology. To be more specific, Chinese businesses have promoted lithium iron phosphate batteries, or LFP technology, over the past ten years as opposed to the much more widely used lithium nickel manganese cobalt (NMC) batteries in the West.

LFP batteries are safer and more affordable than traditional batteries, but historically they weren't the best option for automobiles due to their lower energy density and subpar performance in cold weather. Contemporary Amperex Technology Co. Limited (CATL), a Chinese battery manufacturer, spent ten years studying LFPs while most of its competitors abandoned the technology.

The advantages of LFP batteries, which made up one-third of all EV batteries as of September 2022, are now being recognised by the EV industry once more. That demonstrates how far LFP has advanced, and sole credit for this breakthrough belongs to Chinese cell manufacturers.

One significant benefit China has had in the production of batteries is its control over a large portion of the raw materials. Although the nation doesn't necessarily have the most natural resources for battery materials, it has the bulk of the world's capacity for refineries when it comes to vital elements like cobalt, nickel sulphate, lithium hydroxide, and graphite. China's dominance over chemical materials is "the ultimate domination of the industry, which China has clearly pursued for years far before others even realised this was anything essential.

Other nations are already making agreements with Chile and Australia to take ownership of rare-earth metal mines as they have grasped the value of battery materials. But, China's head start has provided local businesses with a persistently reliable supply network.

Because China's manufacturing capacity has been and is still being expanded, Chinese-made EV batteries are not only cheaper but also more widely available.

## How Does The EV Market In China Currently Look?

As a result of all of this, China now has a significantly higher domestic demand for EVs than the rest of the world: In a survey, more than 50% of Chinese respondents were considering battery-electric vehicles as their next car in 2021, which are twice the global average and the highest percentage in the world.

For these buyers, there are numerous Chinese-made possibilities, including BYD, SAIC-GM-Wuling, Geely, Nio, Xpeng, and LiAuto. The latter three are pure-EV start-ups that went from nothing to household brands in less than ten years, whereas the first three are examples of gas-car enterprises that successfully switched to EVs early on.

However, a new generation of automobile purchasers emerged at the same time as these businesses (as well as other Chinese IT behemoths), and they do not perceive Chinese brands as being less prestigious or of lower quality than foreign ones.

### Can Other Nations Replicate China's Achievements?

Almost definitely, several nations are currently envious of China's EV experience. Even if they follow China's lead, it might not be so simple for them to succeed in the same way.

While the US and certain European nations have the technology capacity and supply chains necessary to significantly boost their own EV businesses, their political systems are likewise different. The question for any nation that wants to compete with China is, "Is it prepared to make investments in this industry like China did? Is it willing to grant this industry special protection and allow it to enjoy a very high degree of policy priority for a considerable amount of time?"

Nations like Brazil or India lack China's historic car industry's size and sophistication in managing expansive industrial policies using a

variety of policy instruments, such as credits, subsidies, land use agreements, tax incentives, and government procurements. But, China's experience implies that EVs may present a chance for emerging nations to surpass more developed nations.

Now, Chinese brands are focusing on foreign markets. What difficulties do they encounter? Chinese EV companies believe they have a unique opportunity to grow internationally and establish themselves as household names. Despite its saturated market and the delicate political climate, several of them are already accessing the European market and even considering moving to the US. Chinese gas cars could not have imagined such a thing.

Yet, they might need to adapt their marketing lingo and techniques for other markets. They'll have to adjust to the various technical requirements and preferred software services. Also, they will need to develop the ability to satisfy various consumer preferences and customer service requirements.

China shipped 679,000 electric vehicles in 2022, a 120% increase from the previous year. It's likely that this trend will continue as the population grows.

### Can Other Nations Replicate China's Achievements?

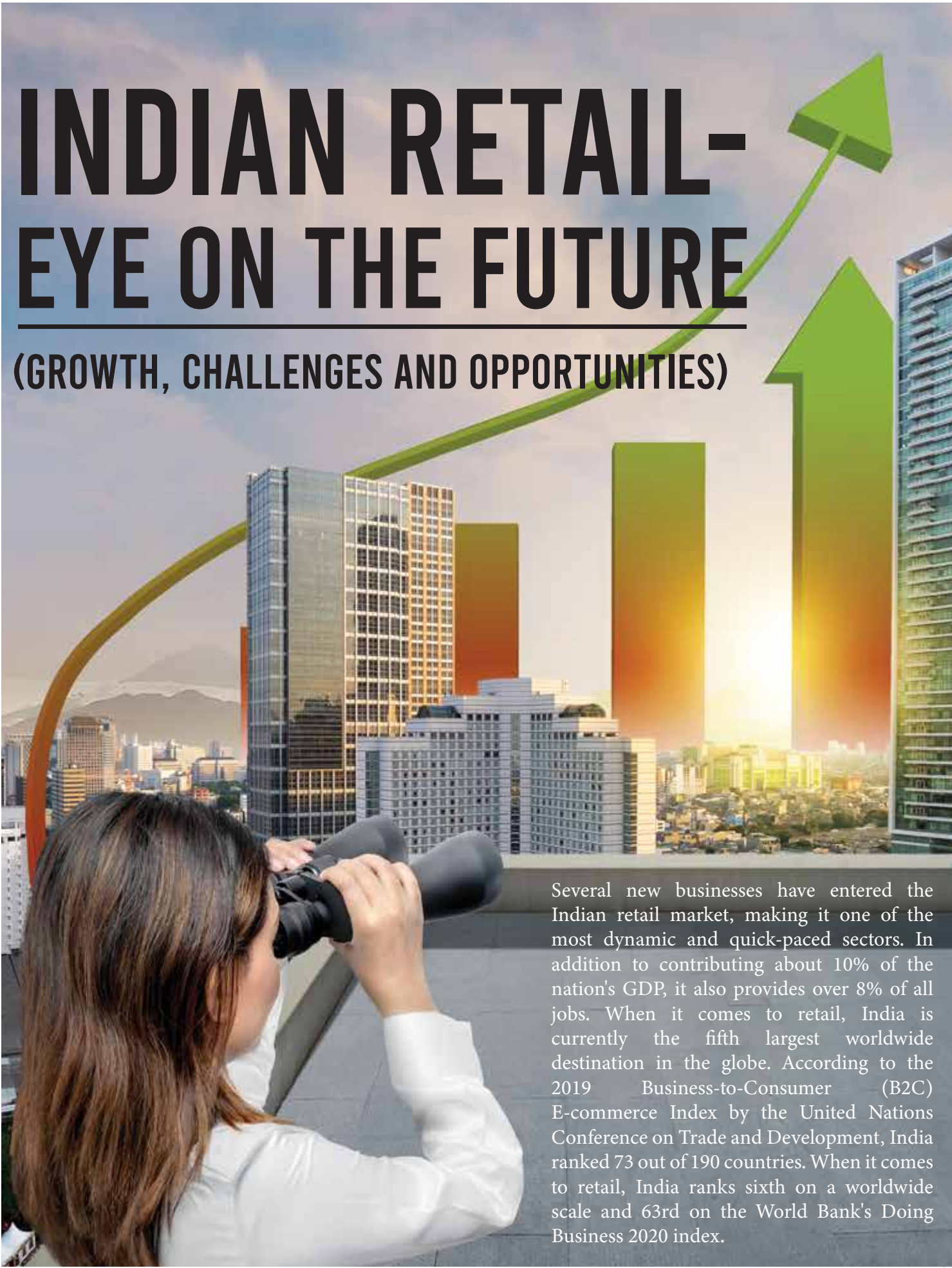
If India is to compete with China, Local battery manufacturing facilities and OEMs should improve their internal capabilities to reduce India's dependency on li-ion imports by forming international alliances, joint ventures, and acquisitions, among other strategies. Companies that produce metals and mine minerals may also make investments in order to develop their skills and buy resources from around the world. In the meantime, technology-driven start-ups in India have already begun to enter the cell/battery production market. In the end, it is crucial to develop home-grown EV cell technologies that are scalable and appropriate for local climatic circumstances, notably for reasons of passenger and vehicle safety. Similar to China, India must maintain a strong R&D focus and increase FDI in the industry.





# INDIAN RETAIL- EYE ON THE FUTURE

(GROWTH, CHALLENGES AND OPPORTUNITIES)

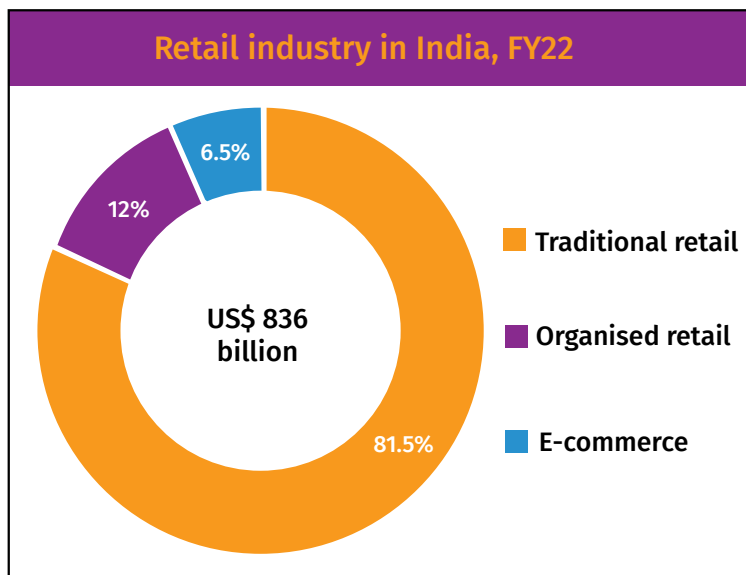
A woman with long brown hair, wearing a white shirt, is seen from the back, looking through black binoculars. She is standing on a rooftop or balcony, looking out over a city skyline. The skyline features several tall, modern skyscrapers. A large, thick green arrow starts from the bottom left and points diagonally upwards towards the top right, passing behind the city buildings. The sky is a mix of blue and orange, suggesting a sunrise or sunset. The overall image conveys a sense of vision, growth, and looking towards the future.

Several new businesses have entered the Indian retail market, making it one of the most dynamic and quick-paced sectors. In addition to contributing about 10% of the nation's GDP, it also provides over 8% of all jobs. When it comes to retail, India is currently the fifth largest worldwide destination in the globe. According to the 2019 Business-to-Consumer (B2C) E-commerce Index by the United Nations Conference on Trade and Development, India ranked 73 out of 190 countries. When it comes to retail, India ranks sixth on a worldwide scale and 63rd on the World Bank's Doing Business 2020 index.



The key attractions for global retail behemoths trying to enter additional markets are India's sizable middle class and its mostly untapped retail market, which will aid in the country's retail industry expanding more quickly. The spending power of urban Indian consumers is rising, and branded products in areas including apparel, cosmetics, footwear, watches, beverages, cuisine, and even jewellery are progressively becoming popular for use in business and leisure. According to one recent study, India's retail industry is predicted to be worth an astounding US\$ 2 trillion by 2032.

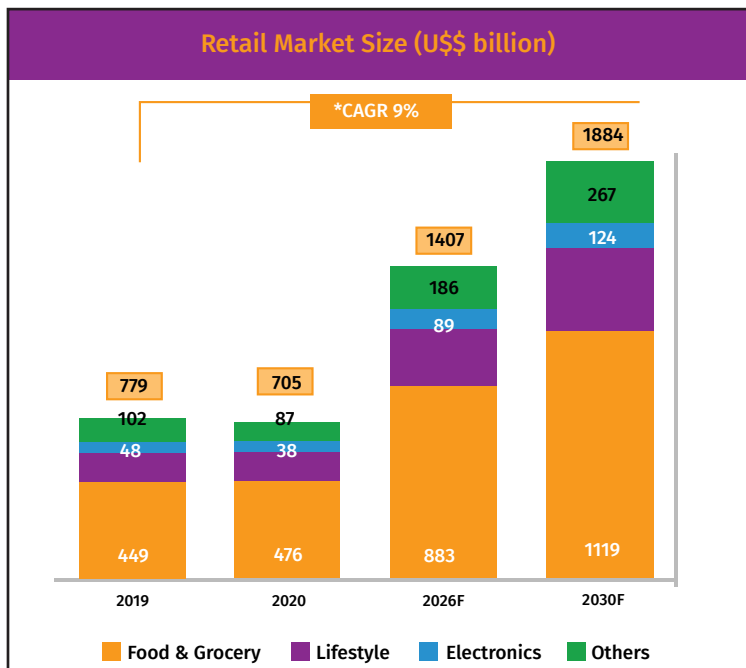
India ranks as the world's sixth most popular tourist destination for shopping. India came in 16th place in the FDI Confidence Index (after US, Canada, Germany, United Kingdom, China, Japan, France, Australia, Switzerland, and Italy).



India has the third-highest percentage of online retail customers (only behind China, the US). By 2030, it's anticipated that Direct-to-Consumer (D2C) shipments from new-age logistics firms will total 2.5 billion. In the next decade, the share of used-car purchases made online is projected to increase by a factor of 9.

### US – The Growth Is Still Strong

India's retail industry has recently experienced significant investments and growth. Foreign direct investments in India totalled US\$ 4.11 billion between April 2000 and June 2022, and retail inflation in India, as measured by the Consumer Price Index (CPI), reached 6.77 percent year over year in October 2022, according to data issued by the Ministry of Statistics and Programme Implementation (MoSPI).



➤ Aditya Birla Fashion and Retail Ltd. and Galeries Lafayette have formed a strategic alliance to establish up upscale department stores and a specialized e-commerce platform in India. This relationship will begin in November 2022.

➤ Aditya Birla Fashion and Retail Ltd.'s top premium menswear brand, Louis Philippe, announced the opening of a store in Vadodara, Gujarat, in August 2022.

➤ Wipro Consumer, a subsidiary of Wipro Limited, has stated that it will enter the packaged food market in August 2022 with a line of traditional snacks and spices.



**Do You Know? By investing just Rs. 10,000 every month, you can potentially accumulate corpus of Rs. 3.24 crore\* in 25 years!**

\*return assumed at 15%. Terms and conditions apply. Past performance is not indicative of future results.

**To View More, Scan QR Code.**

Investments in securities are subject to market risks, read all scheme related documents carefully.



[www.InvestOnline.in](http://www.InvestOnline.in)

+91 777024447

+91 22 40713333 / 1800-2222-65

wealth@investonline.in

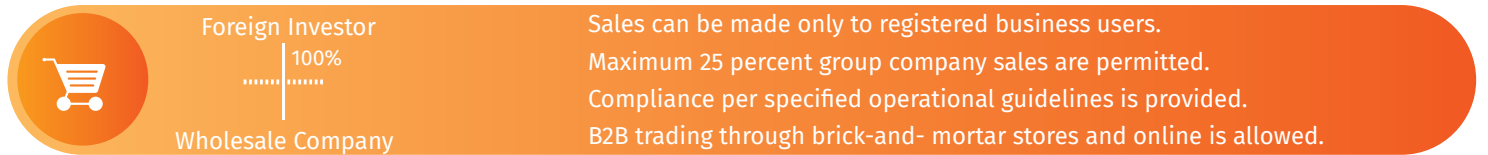
- ▶ The most prestigious Italian Maison de Couture will arrive in India in July 2022 thanks to a partnership between Reliance Brands Limited (RBL) and Maison Valentino.
- ▶ In order to improve the state of the Indian toy industry, Reliance Brands Limited signed a joint venture agreement with plastic legno spa in June of 2022.
- ▶ Aditya Birla Group's TMRW, a Digital First 'House of Brands' endeavor in the Fashion & Lifestyle sector, will formally launch in June 2022.
- ▶ In May 2022, Reliance Brands Limited (RBL) entered into a partnership with Tod's S.P.A., the renowned Italian luxury brand, to serve as the brand's official retailer in the Indian market for all product categories, including footwear, handbags, and accessories.
- ▶ Wipro Consumer Care opened their manufacturing in Telangana in April 2022. It made an investment in a cutting-edge soap finishing line, which can produce 700 Nos. of soap per minute at its peak pace.
- ▶ As of March 20, 2022, the total value of digital payment transactions in FY 2021-2022 was Rs. 8,193 crore (\$1.05 billion).
- ▶ UPI transactions totaled Rs. 12.11 lakh crore (US\$ 148.32 billion) in October 2022.
- ▶ Reliance Brands acquired the present Sunglass Hut store network from DLF Brands in March 2022, along with the franchisee rights for India.
- ▶ The number of Indian enterprises providing the retail sector with services like digital ledgers, inventory management, payment options, and tools for logistics and fulfilment is growing. Investors invested US\$ 843 million, or an additional 260% of capital, into 200 small and midsize retail technology start-ups in the first nine months of 2021.
- ▶ The Department for Promotion of Industry and Internal Trade said in November 2021 that it is developing a regulatory compliance portal to reduce onerous compliance procedures between industries and the government.
- ▶ As compared to the previous year, Indian shops grew by 14% in October 2021.
- ▶ Over the past several months, a number of businesses have made investments in the Indian retail industry due to the growing demand for consumer goods across a variety of industries, including consumer electronics and home appliances.
- ▶ Reliance announced plans to open 7-Eleven Inc. convenience outlets in India in October 2021.
- ▶ To extend its grocery segment in the ultra-premium category, Reliance Retail opened Freshpik, a new experience gourmet food shop in India, in October 2021.
- ▶ In order to increase its customer base, Plum, a direct-to-consumer beauty and personal care business, announced plans to open more than 50 offline locations across India (by 2023) in October 2021.
- ▶ 10-35 stores will be added by Tanishq, Shoppers Stop, and Bestseller India in FY22 (which carries clothing from Vero Moda, ONLY, and Jack & Jones).



## Manufacture



## Wholesale



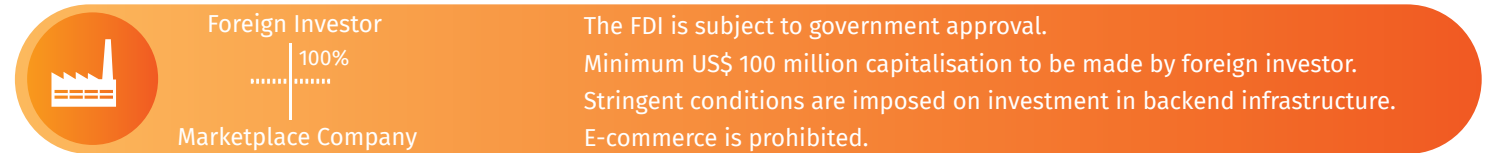
## Food product retail trading



## Single Brand Retail Trading (SBRT)



## Multi Brand Retail Trading (SBRT)



## E - commerce



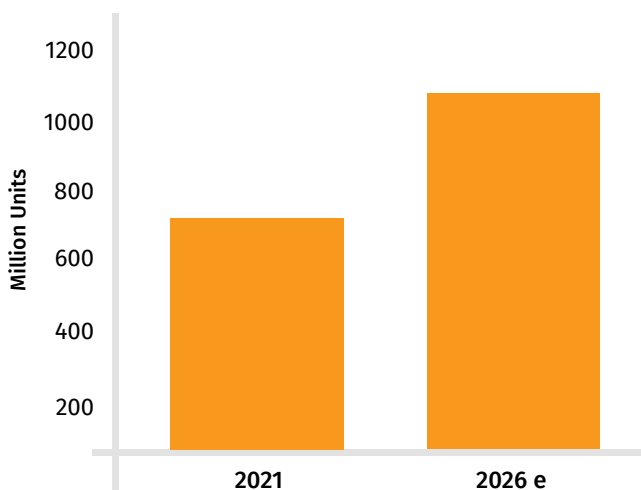
In India, a growing number of large retail chains are opening stores that sell a variety of different brands. Even still, local mom-and-pop shops, street vendors, and regional chains continue to dominate this area. The Indian retail sector relies heavily on these independent stores. Yet, a sizable portion of this industry—small merchants, local craftsmen, and groceries Kirana stores—has remained outside of the modern retail space due to intrinsic logistical and financial challenges, mistrust of going online, and headaches dealing with rules, tax compliances, and administrative requirements. This has decreased the enthusiasm among small retailers and artisans to actively

participate in and compete in the online market. Logistical and infrastructural costs are already high, and they have few resources to spare.

The best course of action for a diverse retail sector is to encourage the online presence of these small merchants by providing them with access to low-cost technologies and retail industry best practices. Retail stores that are currently offline will have to join the digital revolution as more customers become accustomed to making purchases online and through technology.

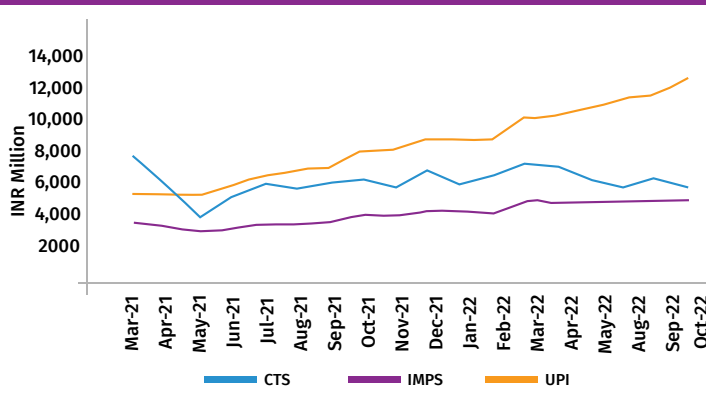
Growth of India's direct-to-consumer (D2C) sector, which now has over 1.35 billion potential clients across regions, is anticipated as a result of the country's expanding digital infrastructure and rising smartphone usage.

### Smartphone users in India



In this sense, the retail sector is seeing an increase in start-ups that, by focusing on D2C online retail and other specialized markets, are upending conventional shopping practices and improving the entire customer experience. Thus, some D2C focused start-ups are giving the FMCG giants that have controlled the Indian industry for decades a run for their money. The government can do more to support this ecosystem by lowering the regulatory burden on retailers, making it easier to get a loan, and lowering other costs associated with setting up shop.

### E-payment systems



### ROAD AHEAD

Throughout the past two years, the COVID-19 epidemic has influenced shifts in consumer tastes, routines, and perspectives. This has a big effect on how consumers purchase and use products and services. Modern business tactics are now being used by multinational retailers to seize fresh retail prospects. Nowadays, consumers do not distinguish between offline and online channels of consumption. Large corporations are experimenting with various strategies to create seamless retail experiences that are integrated across all channels as a result. Retailers are experimenting with revenue models to enhance their consumer value proposition by using both well-established e-commerce platforms and conventional methods.

The country's e-commerce market is steadily growing. Consumers have a wide variety of things to choose from at competitive prices. The retail business is currently experiencing the biggest change ever thanks to e-commerce, and this trend is expected to last for many years to come. Businesses could use digital retail channels to increase customer reach in tier II and tier III cities while spending less on physical estate. Due to an increase in online shoppers in the nation, the online retail business in India is predicted to grow from an anticipated US\$ 55 billion in 2021 to US\$ 350 billion by 2030. As of 2019, only 4.7% of purchases are made online; by 2024, that number is predicted to rise to 10.7%. Yet, the long-term picture for the sector appears promising, supported by rising income, favourable demographics, the entry of foreign competitors, and increased urbanization.



Kotak Gold ETF has delivered an annualized return of 13.70% in the last 5 years.

-Gold is considered as a safe-haven asset.

-Investment in gold can act as a shield against volatility.

To View More, Scan QR Code.

Investments in securities are subject to market risks, read all scheme related documents carefully.



www.InvestOnline.in

+91 777024447

+91 22 40713333 / 1800-2222-65

wealth@investonline.in



**InvestOnline** strives to share knowledge and actionable strategies to manage money smartly. Read our blog and latest articles to gain valuable insights in the world of finance.



## RBI Retail Direct Platform - How Safe It Is And Should You Use It?



**01**  
To View More,  
Scan QR Code.

Everything that carries the "government" or "RBI" tag is automatically rated as "extremely safe." And with good reason. Sovereign guarantees from the government and the Reserve Bank of India are considered as the most secure option to invest.

There are seven frequent errors that consumers make while planning their health care coverage. One of the most prevalent blunders is not having any sort of health insurance at all. Other common errors include delaying or not having enough coverage, and making false statements.

## Mistakes People Make While Planning Their Health Insurance Needs

**02**  
To View More,  
Scan QR Code.



## Being Your Own Boss? Don't Ignore Rainy Day Fund



**03**  
To View More,  
Scan QR Code.

It appears exciting to work for yourself or be your own boss. It also brings unstable income and a lack of financial security, though. Don't forget to plan for it. Therefore, those who are self-employed have a greater need for an emergency fund.

At the direction of RBI Governor Shaktikanta Das, the Monetary Policy Committee (MPC) raised the repo rate by 25 basis points to 6.5 per cent in February. The repo rate has gone up six times since May 2022, for a total increase of 250 basis points.

## Should senior citizen invest in small finance bank FDs giving 9% to 9.5% returns. Explained:

**04**  
To View More,  
Scan QR Code.



## When is the right time to pause your mutual fund SIP investments?



**05**  
To View More,  
Scan QR Code.

A Systematic Investment Plan is an excellent tool for ensuring that you amass wealth over the course of a longer period of time. It helps you develop a habit of saving regularly and helps you become more disciplined with your money.

## Fund Performance - Large Cap

Equity Diversified – Pure Large Cap	1yr	2yr	3yr	5yr	7yr	10yr
EDELWEISS LARGE CAP FUND (G)	1.40	9.05	26.89	11.19	12.68	13.47
KOTAK BLUECHIP FUND (G)	-0.32	8.20	28.02	11.42	12.26	13.15
BANDHAN LARGE CAP FUND REG (G)	-4.16	6.88	24.44	9.73	11.53	11.08
CANARA ROBECO BLUECHIP EQUITY FUND (G)	-1.22	6.91	25.01	12.82	13.73	13.44

## Fund Performance - Tax Saving

Equity Tax Saving	1yr	2yr	3yr	5yr	7yr	10yr
QUANT TAX PLAN (G)	-2.40	18.65	49.51	20.22	20.86	21.22
AXIS LONG TERM EQUITY FUND (G)	-12.26	-0.45	17.82	8.14	11.08	15.56
EDELWEISS LONG TERM EQUITY (TAX SAVINGS) FUND (G)	-2.01	8.21	26.51	8.38	10.91	12.97
PGIM INDIA ELSS TAX SAVER FUND REGULAR (G)	-0.70	13.14	32.78	12.00	13.81	-
CANARA ROBECO EQUITY TAXSAVER FUND REG (G)	-1.32	8.78	28.94	14.12	14.77	14.87

## Fund Performance - Mid Cap

Equity Diversified - Mid Cap	1yr	2yr	3yr	5yr	7yr	10yr
PGIM INDIA MID CAP OPP FUND REG (G)	-2.07	14.63	43.25	16.50	16.70	-
EDELWEISS MID CAP FUND REG (G)	1.99	13.21	36.98	11.96	15.82	19.68
KOTAK EMERGING EQUITY (G)	3.07	13.28	36.90	13.41	16.71	19.77
QUANT MIDCAP FUND (G)	-0.78	21.25	44.12	17.69	16.16	15.16

## SOME RECENTLY ANNOUNCED IPOs

Company Name	Listing Date	Issue Price	Listing Price	Listing Gains	Current Price	Current Gains
DEV LABTECH	29-Mar-23	51.00	51.00	0.00%	50.01	-1.94%
BRIGHT OUTDOOR	27-Mar-23	146.00	150.00	2.74%	154.00	5.48%
LABELKRAFT TECH	23-Mar-23	56.00	56.00	1.82%	54.00	-1.82%
SUDARSHAN	22-Mar-23	73.00	73.00	0.00%	55.80	-23.56%

## BEST PERFORMERS OF Jan to Mar 2023

## A GROUP

Company Name	CMP 31-Mar-23	Price On 2-Jan-23	% Change
APARINDS	2,503.35	1,823.70	37.27
ACE	407.05	306.95	32.61

## B GROUP

Company Name	CMP 31-Mar-23	Price On 2-Jan-23	% Change
ZENTEC	327.60	187.40	74.81
CAREERP	214.55	135.75	58.05

## WORST PERFORMERS OF Jan to Mar 2023

## A GROUP

Company Name	CMP 31-Mar-23	Price On 2-Jan-23	% Change
ABFRL	214.30	286.70	-25.25
PAUSHAKLTD	6217.10	8146.25	-23.68

## B GROUP

Company Name	CMP 31-Mar-23	Price On 2-Jan-23	% Change
GENESYS	328.90	461.50	-28.73
PUNJABCHEM	827.95	1145.05	-27.69

## SOME RECENTLY ANNOUNCED BONUS

Company Name	Bonus Ratio	Year : 2023 - DATE - Announcement	Record	Ex-Bonus
JET INFRA	1:01	9-Mar-23	21-Apr-23	21-Apr-23
INNOVANA	1:01	14-Feb-23	30-Mar-23	29-Mar-23
GROWINGTON VENT	25:40'	17-Feb-23	24-Mar-23	24-Mar-23
SUNDARAM-CLAYTO	116:01'	9-Feb-22	22-Mar-23	24-Mar-23
MAGELLANIC	3:01	14-Mar-23	14-Mar-23	21-Mar-23
ASTRAL LTD	1:03	7-Feb-23	10-Mar-23	14-Mar-23

## INDICES PERFORMANCE Jan to Mar 2023

Company Name	Close 31-Mar-23	Prev. Close 2-Jan-23	% Change
BSE_Auto	28,246.92	29,046.38	-2.75%
BSE_Metal	19,184.87	21,445.59	-10.54%
BSE_Midcap	24,065.59	25,458.77	-5.47%
BSE_Oil & Gas	17,383.40	20,470.29	-15.08%
BSE_SmallCap	26,957.01	29,169.29	-7.58%
BSE_Bankex	46,031.95	49,132.64	-6.31%

## Some Recently Announced Dividends

Company Name	-Dividend- %	Ex-Dividend
SANOFI INDIA	1940	28-Apr-23
SANOFI INDIA	1830	28-Apr-23
HCL TECH	0	28-Apr-23
KSB PUMPS	150	28-Apr-23
ABB INDIA	275	28-Apr-23

## Some Recently Announced Splits

Company Name	Old FV	New FV	Split Date
DEEP IND	10	5	10-Apr-23
SHREE SECU	10	1	6-Apr-23
ARTEMIS ELECT	10	1	31-Mar-23
AVANCE TECH	10	5	31-Mar-23
BHARAT AGRI	10	1	29-Mar-23

## The Quarter That Was

Indices	31-Mar-23	2-Jan-23	Difference Points
Sensex	58,991.52	61,167.79	-2,176.27
Nifty	17,359.75	18,197.45	-837.70
Nifty-Junior	37,797.75	42,248.40	-4,450.65
CNX_Midcap	8,466.80	8,821.80	-355.00
BSE_SMLCAP	26,957.01	29,169.29	-2,212.28



Track the latest updates on Indian and Global financial markets on your smartphone.

Monitor your investments with portfolio and watchlist

latest prices of Sensex, NIFTY and more.

To View More, Scan QR Code.

Investments in securities are subject to market risks, read all scheme related documents carefully.

**InvestOnline.in**

+91 7777024447

+91 22 40713333 / 1800-2222-65

wealth@investonline.in

# WHY SIP?

**BY INVESTING JUST RS. 10,000 EVERY MONTH, YOU CAN POTENTIALLY ACCUMULATE CORPUS OF RS. 3.24 CRORE\* IN 25 YEARS**

\*return assumed at 15%. Terms and conditions apply. Past performance is not indicative of future results.

**THAT'S EQUIVALENT TO**

- 40% OF IMPLUSIVE BUYING
- 59% OF OVERPAYING FOR DIGITAL SERVICES
- 8% OF OVERPRICED BEVERAGES
- 49% OF FREQUENTING FAST-FOOD PLACES

***Start Your SIP Today!***

**DOWNLOAD THE APP NOW**

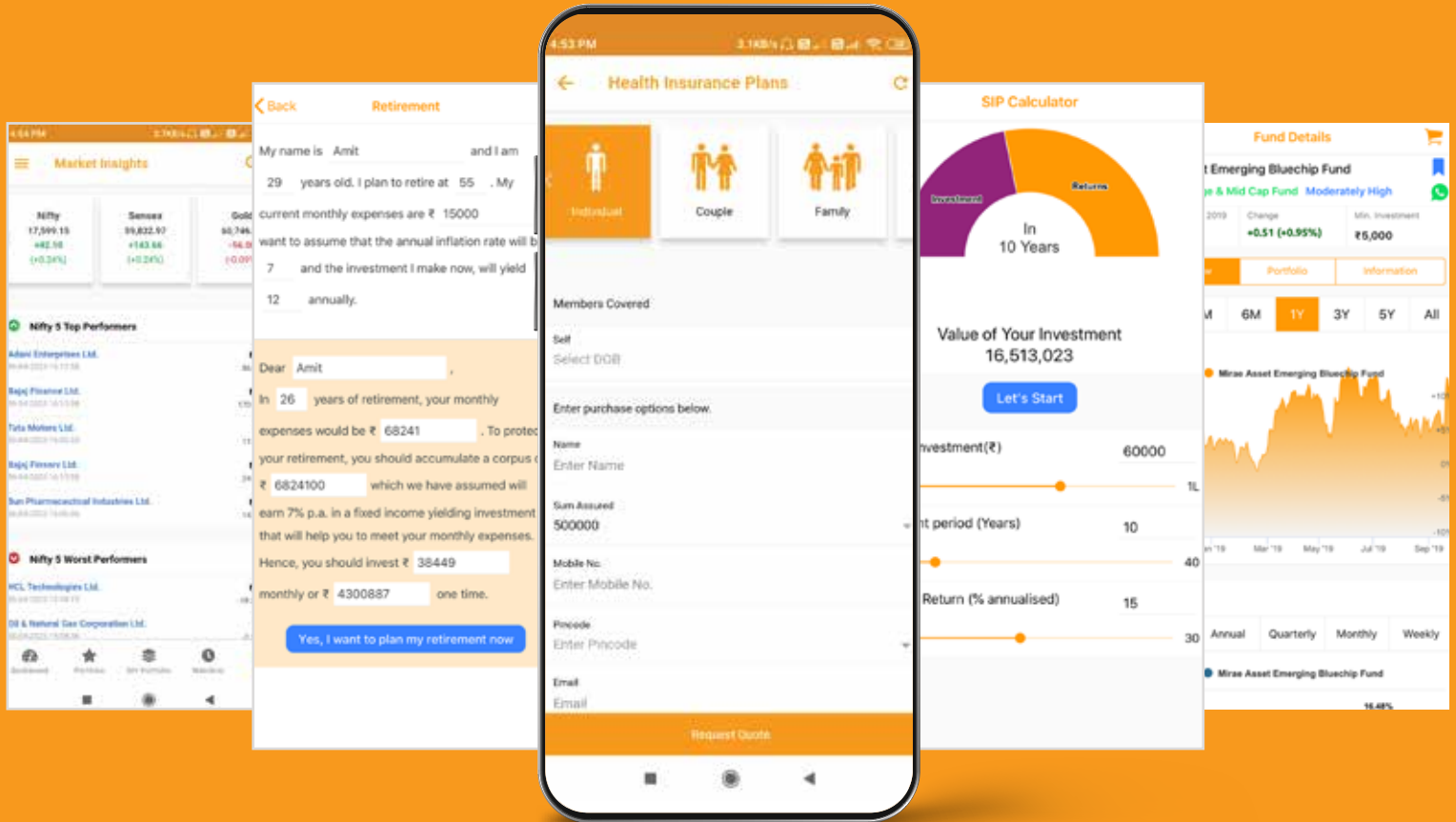


**InvestOnline**  
Your Gateway to eMutual Funds



# INDIA'S FIRST FEATURE-RICH FREE TO USE MOBILE APP

A SINGLE GATEWAY TO ACCESS MULTIPLE MUTUAL FUNDS



## DOWNLOAD THE APP NOW



Available on the  
**App Store**



GET IT ON  
**Google Play**

**InvestOnline**  
Your Gateway to eMutual Funds



Investments in Financial Markets and Securities are subject to market risks.

Please read risks and disclaimers in detail: [www.invonl.in/tc](http://www.invonl.in/tc)

**ABCHLOR INVESTMENTS PVT. LTD.**

**H. O. Address:**

409, Laxmi Mall, Link Road, Andheri (W),  
Mumbai - 400053.

Tel: +91 22 4071 3322, Fax: +91 22 4071 33 44,

Email: [pms@abchclor.com](mailto:pms@abchclor.com), Web: [www.InvestOnline.in](http://www.InvestOnline.in)

**Branch Address:**

L9, Neco NX, Vimaan Nagar, Pune - 411014

Tel: +91 20 2663 3344, Fax: +91 20 2663 2001

Email: [pune@abchclor.com](mailto:pune@abchclor.com)