

{ SANJIV BAJAJ } PRESIDENT, CII

'Expect more sectors to get into investment cycle'

NEW DELHI: The new president of the Confederation of Indian Industry, Sanjiv Bajaj, who is also chairman and managing director of Bajaj Finserv, is sanguine about India's growth story despite current blips due to geopolitical reasons. He told **Rajeev Jayaswal** that resilient India Inc is making efforts to convert the crisis into opportunities. Edited excerpts from an interview:

Listing of Life Insurance Corporation is a major corporate development. But it was listed with a discount. How do you see that?

At the broader level, it shows the clear intent of this government to go forward on its divestment and privatisation programme. In the short term, there are valuation losses for government also, but it is looking at a bigger picture, and we must commend them for that. Second, when you look at it from an investor's point of view, invest-

ment activity is about gaining long-term returns at an acceptable level of risk. As Warren Buffett says, the stock market in the short term can be a gambling machine, but in the medium- to long-term, it is a weighing machine.

In LIC, we have a solid insurer. I believe the long-term prospects are good, but my main focus would be the intention of the government, and we must push it to be moving ahead in the same way. It has talked about privatising (some) state-owned banks, and one state-owned general insurance company. We must encourage it to move ahead with that agenda because it has a much larger impact. It has an impact on the government not being in business, it has an impact on creating more competition.

CII projected India's GDP growth between 7.4% and 8.2%. What is the reason for



optimism in this grim global scenario with the Ukraine war, supply chain disruption and inflation?

We are in the middle of a war, no doubt about that. We are also in middle of supply chain disruptions. But every set of challenges can create new opportunities. Human nature is to be consumed by the present, yet our endeavour is always to see how we will get out of the present to (brighten) the future.

If we look at the last two quar-

ters, we're seeing a number of sectors firing up. We're seeing new private capex in sectors ranging from construction, real estate, housing, metals, and transportation. We expect more sectors to start getting into the investment cycle. We believe that overall domestic demand continues to be good. Rural is a little softer, and here we're hoping that a strong MSP (minimum support price) and with a good monsoon, at least farm incomes will go up. Non-farm will continue to need some support from the government.

Inflation is at an eight-year high in India. How do you think the Reserve Bank of India and the government can strike a balance between inflation and growth?

From the government's point of view, supporting some of the weaker sections of the society, mostly rural, should continue.

Beyond that, drive levers for growth. At CII, we are very positive on the PLI (production-linked incentives) scheme of the government, and this year we'll suggest few more sectors that can be taken up. Similarly, an employment-linked incentive scheme for sectors is needed that employ a lot of people like manufacturing of footwear or leather products, or tourism.

From the RBI's perspective, we are in the cycle of higher interest rates, and we must keep in mind that we are nowhere near a normalised interest rates scenario. We're just reversing some of the moves that were done when the pandemic hit us. We hope Reserve Bank will present a reasonably clear pathway to the triggers which it sees will impact its decision on interest rates. We think that from a common man's point of view, the (inflationary) pressure really hurts their pockets from fuel and food prices.