

Key Data Releases

PMI Manufacturing

- The seasonally adjusted S&P Global India Manufacturing Purchasing Managers' Index (PMI) declined to 54.0 in March 2022 from 54.9 in February 2022. Although weaker than the preceding month, the PMI reading for March 2022 marked the ninth consecutive month of expansion. A PMI reading above 50 denotes expansion and below 50 denotes contraction.
- New order inflows continued to increase in March 2022, according to manufacturers. But the pace of increase in order inflows eased to a six-month low. Production volumes rose for the ninth consecutive month to cater to the rising demand. Price indices increased since February 2022, signaling mounting input cost pressures. Inflation concerns dampened business confidence, which fell to a two-year low in March 2022.

PMI Services

- The seasonally adjusted S&P Global India Services PMI rose to 53.6 in March 2022 from 51.8 in February 2022. This is the highest rate of expansion displayed by the index since December 2021. An index reading above 50 denotes expansion and below 50 denotes contraction.
- Strengthening demand conditions, particularly in the domestic market, new business wins and greater consumer footfall due to the relaxation of Covid-19 restrictions led to this upturn in the Services PMI. In March, services companies recorded the fastest expansions in sales and activity in 2022 so far. But, business confidence remained subdued due to inflation concerns. Input costs surged in 2021-22, at their fastest pace in the last 11 years. Services companies absorbed a majority of this cost burden and raised their charges only moderately.

Foreign Exchange Reserves

- India's foreign exchange reserves fell by USD 11.2 billion to USD 606.5 billion during the week ended 1 April 2022.

Key Sectoral Insights

Real Estate

Knight Frank: Prices of residential real estate have started inching upward across the country as improving demand has supported the optimism among developers to increase rates. The combination of revival in demand and rising cost pressure has resulted in housing prices moving higher. Without exceptions, all the top eight markets witnessed a rise in the average capital values of residential properties as demand continued to strengthen. All cities posted up to 7% year-on-year growth in per sq ft prices during the quarter ended March. Prices grew the most in Bengaluru at 7% on-year followed by Pune and Mumbai at 5% and 4% on-year, respectively. The lowest price rise of 1% was witnessed in Hyderabad and Chennai

Pharmaceuticals

ICRA: Revenues of leading domestic pharma companies are likely to grow by 6-8 per cent in the current fiscal. The revenues of homegrown drug firms are expected to moderate from a growth of 8-10 per cent in 2021-22, it stated citing findings from the sample set of 21 companies. Growth in FY2023 is expected to be supported by growth of 7-9 per cent in the domestic market, 12-14 per cent in the emerging markets and 7-9 per cent in the European business. Besides, growth in the US business is expected to remain muted, owing to subdued pricing environment in the market in the near to mid-term

Logistics

ICRA: The logistics sector is projected to record a growth of 7-9 per cent in the current fiscal but the industry players' margins are likely to remain "sensitive to risks" stemming from a continued rise in oil and commodity prices amid the Russia-Ukraine conflict. The report by credit ratings agency ICRA also estimated that the sector's growth stood at around 14-17 per cent in 2021-22 over pre-COVID levels, adding that the momentum is expected to continue in this fiscal as well.

| Upsides | Downsides |
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| <ul style="list-style-type: none"> ▪ Unemployment rate in the country is decreasing with the economy slowly returning to normal, according to CMIE data. The Centre for Monitoring Indian Economy's monthly time series data revealed that the overall unemployment rate in India was 8.10 per cent in February 2022, which fell to 7.6 per cent in March. On April 2, the ratio further dropped to 7.5 per cent, with urban unemployment rate at 8.5 per cent and rural at 7.1 per cent. | <ul style="list-style-type: none"> ▪ Continuing their selling spree for the sixth consecutive month, foreign investors pulled out a massive ₹41,000 crore from the Indian equity market in March on anticipation of rate hikes by the US Federal Reserve and the deteriorating geopolitical environment amid the Russia-Ukraine war. Further, flows from foreign portfolio investors (FPIs) are expected to remain volatile in the near term given the headwinds in terms of elevated crude prices and inflation. |

Upsides

- In 2021-22, the direct tax collections touched nearly Rs.14 trillion, thereby exceeding the revised estimates (RE) by Rs.1.5 trillion. With this, it also nearly hit the estimates for 2022-23. The Union Budget for 2022-23 had pegged the direct tax collection at Rs.14.2 trillion for the current fiscal. Mumbai accounted for a third of the total mop up at Rs.4.5 trillion, a 50 per cent increase from the previous year, followed by Bengaluru with 43 per cent growth. Delhi, Chennai and Pune recorded increase in direct tax collections by 38, 48 and 69 per cent, respectively. Assuming the same level of tax buoyancy, net collections may touch Rs.18 trillion in 2022-23.

- As per the provisional figures released by the Directorate General of Commercial Intelligence and Statistics (DGCI&S), exports of agricultural products, including marine have grown by 19.9 per cent to touch USD 50.2 billion in 2021-22. This is the highest level ever achieved for agriculture exports. The growth rate is remarkable as it is over and above the growth of 17.7 per cent, at USD 41.9 billion, achieved in 2020-21 and has been recorded despite unprecedented logistical challenges in the form of high freight rates and container shortages. Highest ever exports have been achieved for staples like rice, wheat, sugar, other cereals and meat which resulted in benefiting farmers in many states. Wheat exports jumped nearly four-fold from USD 568 million in 2020-21 to touch USD 2.1 billion in 2021-22.

- Hiring activity in India rose by 16 per cent year-on-year (YoY) in March 2022, aided by lifting of pandemic restrictions and pick-up in business sentiment, according to a report by Naukri JobSpeak. Hiring index stood at 2,832 in March 2022. A sequential increment in hiring activity was witnessed across all key sectors. Hiring activity in hospitality and travel picked up more than 82 per cent, while the education sector rose by over 44 per cent y-o-y. Other key sectors that observed an uptick in hiring trends as compared to March last year include real estate, which picked up by 30 per cent, retail that witnessed a growth of 28 per cent followed by banking and financial services, which saw over 22 per cent jump and Information Technology (IT) and software which saw more than 14 per cent growth.

- Member countries of the International Energy Agency (IEA) have decided to release 120 million barrels of oil in a bid to cool oil prices. IEA Members hold emergency stockpiles of 1.5 billion barrels. Previous collective actions were taken in 1991, 2005, 2011 and on 1 March, 2022. The prospect of large-scale disruptions to Russian oil production is threatening to create a global oil supply shock which has resulted in increased oil prices.

- India's power consumption grew by 4.6 per cent y-o-y in March 2022 to 126.12 billion units (BU). The country's power consumption stood at 120.6 BU in March 2021 and at 98.95 BU in March 2020. Consumption in the reporting month was also higher compared to 108.03 BU consumed in February 2022. Peak power demand met in March 2022 rose to 199.29 GW compared to 185.89 GW in March 2021.

Downsides

- The Nomura India Business Resumption Index (NIBRI) declined to 125.4 for the week ended April 3 from 125.9 in the previous week. However, it is still 25.4 percentage points (pp) above the pre-pandemic level of 100. Of the underlying fast-frequency indicators, Apple driving index fell sharply by 22.5 percentage points, while the Google workplace and retail & recreation indices rose by 13.1 percentage points and 2.6 percentage points, respectively. According to Nomura, the ongoing Russia-Ukraine war has disrupted global supply chains and weakened global growth prospects. There are headwinds from higher fuel prices, with a broad-based rise in inflationary pressures weighing on demand and this has weighed on the recovery, it noted.

- Domestic passenger vehicle retail sales in March declined by 4.87 per cent to 2,71,358 units, as compared to the same month last year, automobile dealers' body FADA has said. According to the Federation of Automobile Dealers Associations (FADA), PV sales stood at 2,85,240 units in March 2021. Passenger vehicles continue to see high demand and long waiting periods as semiconductor availability continues to be a challenge, even though supplies slightly improved from previous month. The Russia-Ukraine war and China lockdown will further dent supplies and is expected to hit vehicle deliveries.

- Average credit card spends in February were the lowest in seven months and have been on a decline after Diwali. Average spend was 4 per cent month-on-month in February 2022. Nineteen players saw decline in average ticket size. South Indian Bank, SBI Card, IDFC Bank, DBS Bank topped the declines.

Key Policy Announcements/ Notifications

CCI to enforce stricter M&A disclosure requirements starting May 1

https://www.business-standard.com/article/economy-policy/cci-to-enforce-stricter-m-a-disclosure-requirements-starting-may-1-122040401208_1.html

Ministry of MSME implements PMEGP for self-employment opportunities

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1813115>

Govt forms advisory committee for Semicon India

<https://economictimes.indiatimes.com/news/economy/policy/govt-forms-advisory-committee-for-semicon-india/articleshow/90688576.cms>

IBBI puts voluntary liquidation processes on fast-track mode

<https://www.thehindubusinessline.com/economy/ibbi-puts-voluntary-liquidation-processes-on-fast-track-mode/article65296427.ece>

Sebi comes out with new guidelines for KYC Registration Agencies

https://www.business-standard.com/article/markets/sebi-comes-out-with-new-guidelines-for-kyc-registration-agencies-122040601183_1.html

CBDT notifies online tax dispute resolution scheme

<https://economictimes.indiatimes.com/news/economy/policy/cbdt-notifies-online-tax-dispute-resolution-scheme/articleshow/90693727.cms>

RBI releases Guidelines on Establishment of Digital Banking Units (DBUs)

<https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR30DB4AAE4DCAA0AD4A57AEFBBBFBEF3E9520.PDF>

RBI Monetary Policy

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53537

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53536

Reports

Asia Development Outlook: Mobilizing Taxes for Development, Asian Development Bank

The Russian invasion of Ukraine has heightened geopolitical uncertainty and rattled commodity and financial markets—and this amid a global pandemic. Fortunately, COVID-19's Omicron variant has had a milder impact than other variants and progress on vaccination has allowed economies across developing Asia to remain more open than in previous COVID-19 waves. Solid exports and strong domestic demand will keep the region's growth strong at 5.2% in 2022 and 5.3% in 2023. The region's inflation rate is forecast to rise to 3.7% this year and 3.1% next year as economic recovery continues and energy and commodity prices remain elevated. Monetary authorities should remain vigilant to incipient inflationary pressures

<https://www.adb.org/sites/default/files/publication/784041/ado2022.pdf>

Pandemic, Poverty, and Inequality: Evidence from India, International Monetary Fund

The paper presents estimates of poverty and consumption inequality in India for each of the years 2004-5 through the pandemic year 2020-21. These estimates include, for the first time, the effect of in-kind food subsidies on poverty and inequality. Extreme poverty was as low as 0.8 percent in the pre-pandemic year 2019, and food transfers were instrumental in ensuring that it remained at that low level in pandemic year 2020.

<https://www.imf.org/en/Publications/WP/Issues/2022/04/05/Pandemic-Poverty-and-Inequality-Evidence-from-India-516155>

Forthcoming Data Releases

Forex Reserves, Reserve Bank of India, April 15, 2022, 05:00 pm

Index of Industrial Production, MoSPI, April 12, 2022

Consumer Price Index, MoSPI, April 12, 2022

Wholesale Price Index, MoSPI, April 14, 2022*

Foreign Trade, Ministry of Commerce, April 14, 2022*

*Expected

Sources:

Various Press Articles, CMIE, MOSPI, RBI, SEBI, PIB

For previous editions / other data products and fact sheets please write to

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